

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Financial Statements
and
Required Supplementary Information

Years Ended December 31, 2025 and 2024

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION
Years Ended December 31, 2025 and 2024

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Independent Auditor's Report

RSM US LLP

Board Members
Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of Woods Hole, Martha's Vineyard, and Nantucket Steamship Authority (the Authority), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority, as of December 31, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in Net Pension Liability and Related Ratios of Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan; Schedule of Employer Contributions to Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan; Schedule of Total OPEB Liability and Related Ratios of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority; and Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

RSM US LLP

Boston, Massachusetts
April 30, 2026

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

As management of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority or Steamship Authority), we offer readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2025, 2024 and 2023. The Steamship Authority is a public instrumentality created by the legislature of the Commonwealth of Massachusetts (the Commonwealth) under Chapter 701 of the Acts of 1960, as amended (the Enabling Act), "in order to provide adequate transportation of persons and necessities of life for the islands of Nantucket and Martha's Vineyard."

Overview of the Financial Statements

This overview and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority is a special-purpose governmental entity engaged in only business-type activities. Its financial statements consist of those required for enterprise funds, non-union pension fiduciary fund and the related notes. The Authority's basic financial statements include statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows. In addition to the basic financial statements, this report includes the fiduciary fund financial statements, notes to the financial statements and also contains required supplementary information (RSI) pertaining to the pension plans and the other postemployment benefit plan (OPEB) of the Authority.

The statements of net position report assets plus deferred outflows of resources, liabilities plus deferred inflows of resources and the difference between them as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position consists of three sections reported as: net investment in capital assets, restricted and unrestricted. The net investment in capital assets component of the net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. All other net position is unrestricted.

The statements of revenues, expenses and changes in net position report the operating revenues and expenses and nonoperating revenues and expenses of the Authority for the year with the difference, the net income or loss, being combined with any capital grants and contributions, income from special-purpose restricted funds and special items to determine the change in net position for the year. That change combined with the net position at the end of the previous year reconciles to the net position at the end of the current year.

The statements of cash flows report cash and cash equivalent activities for the year resulting from operating activities, noncapital financing activities, capital and related financing activities and investing activities. The net results of these activities added to the beginning of the year cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The basic financial statements can be found on pages 18-65 of this report. In addition to the basic financial statements and accompanying notes, this report also presents certain RSI. RSI contains data related to the Authority's defined benefit pension plan, OPEB plan provided to its employees and contributions made to the multiemployer plans. The RSI can be found on pages 66-70 of this report.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

Condensed Financial Information

Condensed financial information from the statements of net position and the statements of revenues, expenses and changes in net position for the years ended December 31, are as follows:

| | 2025 | 2024 | 2023 |
|--|-----------------------|-----------------------|-----------------------|
| Current assets | \$ 35,610,536 | \$ 46,041,695 | \$ 34,108,588 |
| Special-purpose restricted funds | 34,456,586 | 39,377,123 | 55,269,585 |
| Capital assets, net | 315,891,692 | 280,442,952 | 244,119,963 |
| Other noncurrent assets | <u>199,160</u> | <u>173,688</u> | <u>361,612</u> |
| Total assets | <u>386,157,974</u> | <u>366,035,458</u> | <u>333,859,748</u> |
| Deferred outflows of resources | <u>4,242,626</u> | <u>4,431,199</u> | <u>6,079,246</u> |
| Total assets and deferred outflows of resources | <u>\$ 390,400,600</u> | <u>\$ 370,466,657</u> | <u>\$ 339,938,994</u> |
| Current liabilities | \$ 30,872,692 | \$ 34,074,224 | \$ 24,311,053 |
| Liabilities payable from special-purpose restricted funds | 12,525,398 | 11,528,346 | 9,656,827 |
| Noncurrent liabilities | <u>110,756,261</u> | <u>102,367,567</u> | <u>113,936,520</u> |
| Total liabilities | <u>154,154,351</u> | <u>147,970,137</u> | <u>147,904,400</u> |
| Deferred inflows of resources | <u>1,326,444</u> | <u>2,477,375</u> | <u>4,805,323</u> |
| Net position: | | | |
| Net investment in capital assets | 218,322,237 | 185,533,542 | 158,386,644 |
| Restricted | 27,113,544 | 38,086,208 | 39,650,475 |
| Unrestricted deficit | <u>(10,515,976)</u> | <u>(3,600,605)</u> | <u>(10,807,848)</u> |
| Total net position | <u>234,919,805</u> | <u>220,019,145</u> | <u>187,229,271</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 390,400,600</u> | <u>\$ 370,466,657</u> | <u>\$ 339,938,994</u> |
| Operating income: | | | |
| Total operating revenues | \$ 149,099,391 | \$ 138,257,571 | \$ 137,100,046 |
| Total operating expenses | <u>(145,977,532)</u> | <u>(134,945,554)</u> | <u>(129,097,247)</u> |
| Operating income | <u>3,121,859</u> | <u>3,312,017</u> | <u>8,002,799</u> |
| Nonoperating (expenses) revenues: | | | |
| Interest on bonds and other obligations | (2,412,900) | (1,909,150) | (2,341,687) |
| Income from special-purpose restricted funds | 1,165,512 | 1,839,516 | 2,233,064 |
| Miscellaneous revenue | 4,549,384 | 5,089,911 | 4,153,057 |
| Miscellaneous expense | <u>(17,573)</u> | <u>(65,106)</u> | <u>(133,485)</u> |
| Nonoperating revenues | <u>3,284,423</u> | <u>4,955,171</u> | <u>3,910,949</u> |
| Income before grants | 6,406,282 | 8,267,188 | 11,913,748 |
| Grants funding – operating | 3,127,746 | 4,625,186 | 1,491,785 |
| Grants funding - capital | <u>5,366,632</u> | <u>19,897,500</u> | <u>8,914,390</u> |
| Change in net position | 14,900,660 | 32,789,874 | 22,319,923 |
| Net position—beginning of year | <u>220,019,145</u> | <u>187,229,271</u> | <u>164,909,348</u> |
| Net position—end of year | <u>\$234,919,805</u> | <u>\$220,019,145</u> | <u>\$187,229,271</u> |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS

Comparison of Financial Condition at December 31, 2025 and 2024

The number of passengers the Authority carried increased in 2025 compared to 2024 for both Martha's Vineyard and Nantucket. The number of automobiles carried in 2025 decreased on the Martha's Vineyard route and increased on the Nantucket route compared to the prior year, while the number of trucks decreased for the Martha's Vineyard route and increased for the Nantucket route compared to the prior year.

The Authority's total assets and liabilities were \$386,157,974 and \$154,154,351, respectively, as of December 31, 2025, as compared to \$366,035,458 and \$147,970,137, respectively, as of December 31, 2024. The Authority's deferred outflows of resources were \$4,242,626 and \$4,431,199, for the years ended December 31, 2025 and 2024, respectively. The Authority's deferred inflows of resources were \$1,326,444 and \$2,477,375, for the years ended December 31, 2025 and 2024, respectively. The net position as of December 31, 2025, was \$234,919,805, a 6.8% increase from the prior fiscal year-end.

The increase in total net position was \$14,900,660 for the year ended December 31, 2025, down \$17,889,214 from the \$32,789,874 increase in total net position posted in 2024. Income before capital grants in 2025 was down \$3,358,346 or 26.0%, when compared to the prior year.

The decrease in income before capital grants was primarily attributed to a \$10,841,820, or 7.8% increase in the Authority's operating revenues, and a \$11,031,978, or 8.2% increase in the Authority's operating expenses, offset by a decrease in total nonoperating revenues of \$1,670,748 and the net impact of changes in interest on bonds and other obligations, miscellaneous revenue and expenses. These changes are discussed in greater detail in the following sections.

During 2025, the Steamship Authority was awarded grants through the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program and the Fast Act Ferry Boat Program. These awards are recorded under the heading grants funding in the statement of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2025 were \$149,099,391. Total operating revenues increased by \$10,841,820, or 7.8%, for the year ended December 31, 2025.

The number of passengers carried increased by 17,390, or 0.6%, in 2025 from 2024. Ridership on the conventional service increased by 35,215 riders, or 1.3%, while passenger traffic carried on the M/V Iyanough decreased by 17,825 passengers, or 5.7%, for the year, as compared to 2024. In addition, the average revenue per passenger increased from \$11.90 in 2024 to \$12.11 in 2025, due mostly to the passenger fare increases. Total passenger revenues in 2025 were \$35,833,659, an increase of 2.4%, versus the previous year.

The number of automobiles carried decreased by 776, or 0.2%, in 2025 from 2024. The average revenue per automobile increased from \$90.40 in 2024 to \$99.54 in 2025, due mostly to the fare increases for standard fared automobiles. Total automobile revenues in 2025 were \$45,951,057, an increase of 9.9% versus the previous year.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
 Management's Discussion and Analysis (Unaudited)
 Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

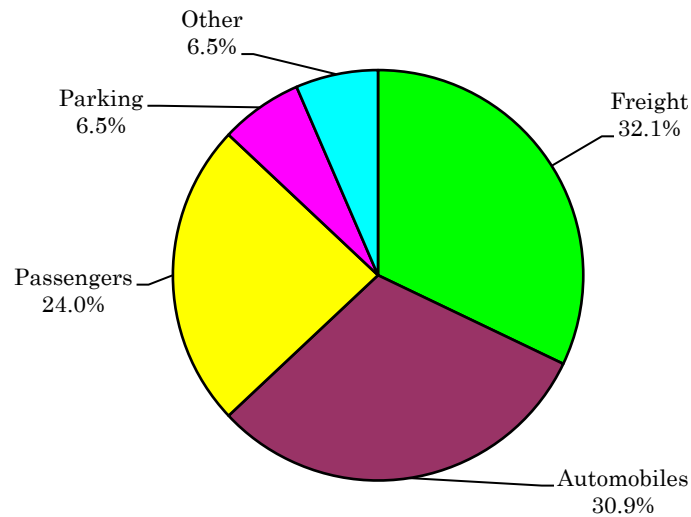
Operating Revenues...continued

The number of trucks carried increased by 1,227, or 0.6%, in 2025 from 2024 traffic levels. The average revenue per truck increased from \$204.62 in 2024 to \$224.92 during 2025, due in part to fare increases for trucks over 20 feet in length. Total freight revenues in 2025 were \$47,860,275, an increase of 10.6% versus the previous year.

Parking revenue in 2025 increased by \$1,946,971 from 2024. The total number of cars parked decreased by 1,694, or 1.0%, from 2024. Total parking revenues in 2025 were \$9,729,429, an increase of 25.0% versus the previous year.

Other miscellaneous operating revenues decreased by \$667,108, or 6.4%, in 2025, primarily due to a decrease in penalty revenue and barge unloading revenue.

The major sources of operating revenues for the year ended December 31, 2025, were as follows:



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

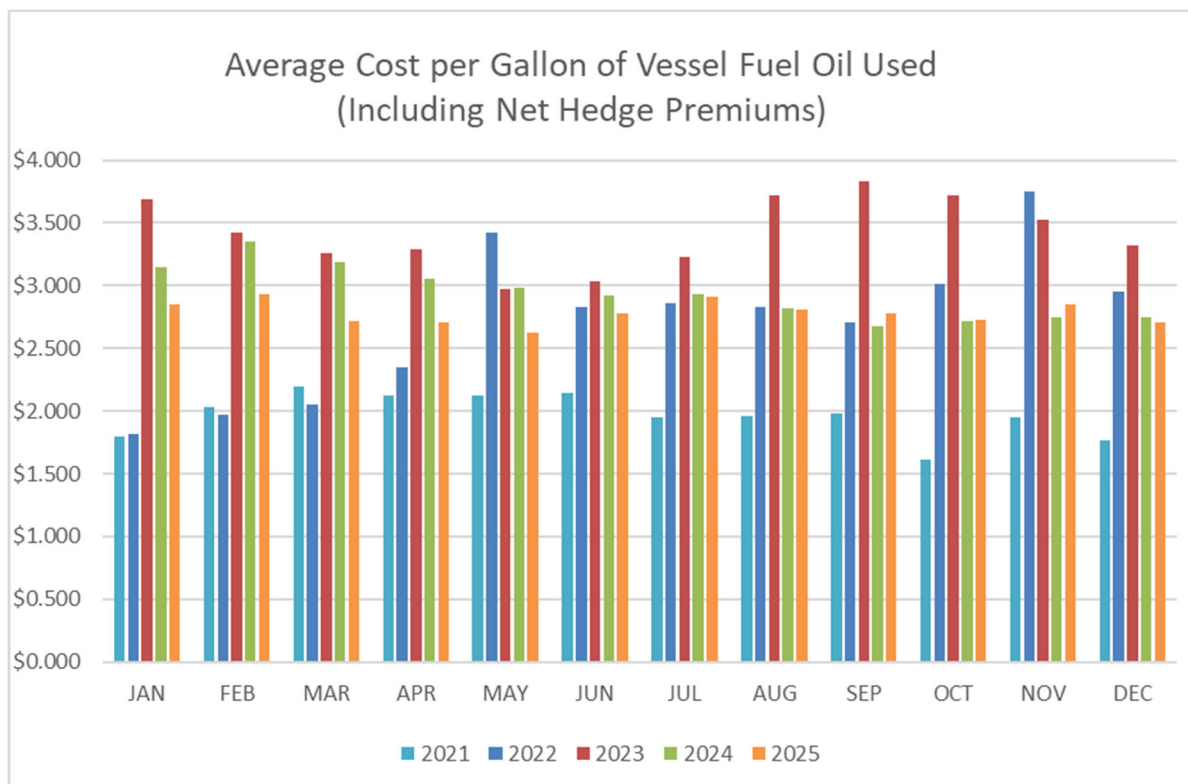
Operating Expenses

The Authority's total operating expenses in 2025 were \$145,977,532. In 2024, total operating expenses were \$134,945,554. Total operating expenses in 2025 were \$11,031,978, or 8.2% higher than the previous year. Increases in wages and benefits, depreciation, vessel fuel oil, insurance, legal expenses, and utilities, were offset by decreases in terminal maintenance, vessel maintenance, and advertising expenses.

Maintenance expense decreased in 2025 versus 2024 by \$1,431,802, or 5.2%. The decrease was primarily attributable to decreases in terminal maintenance expenses of \$836,171 and decreases in vessel maintenance expenses of \$559,722.

Depreciation and amortization expense increased in 2025 versus 2024 by \$1,987,911, or 14.2%. The increase in 2025 is primarily attributable to the increase in vessel depreciation expense with the additions of the M/V Barnstable and M/V Aquinnah, along with increases in motor vehicle depreciation and SBITA amortization expense related to the existing and new reservation systems.

Vessel operating expenses increased by \$3,949,024, or 11.8%, versus 2024 expenses. Vessel payroll expense in 2025 increased by \$3,346,405, or 15.2%, versus 2024 payroll expense. Vessel fuel oil expense of \$10,215,857 was \$517,041, or 5.3% higher in 2025 than in 2024. The average cost per gallon of fuel used operating, including hedge costs, in 2025 was \$2.780, which represents a decrease of 4.4% over the average cost per gallon of fuel used operating in 2024, of \$2.907. In 2025, the Steamship Authority's vessels consumed approximately 3,675,000 gallons of fuel, an increase of 10.0% versus 2024.



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

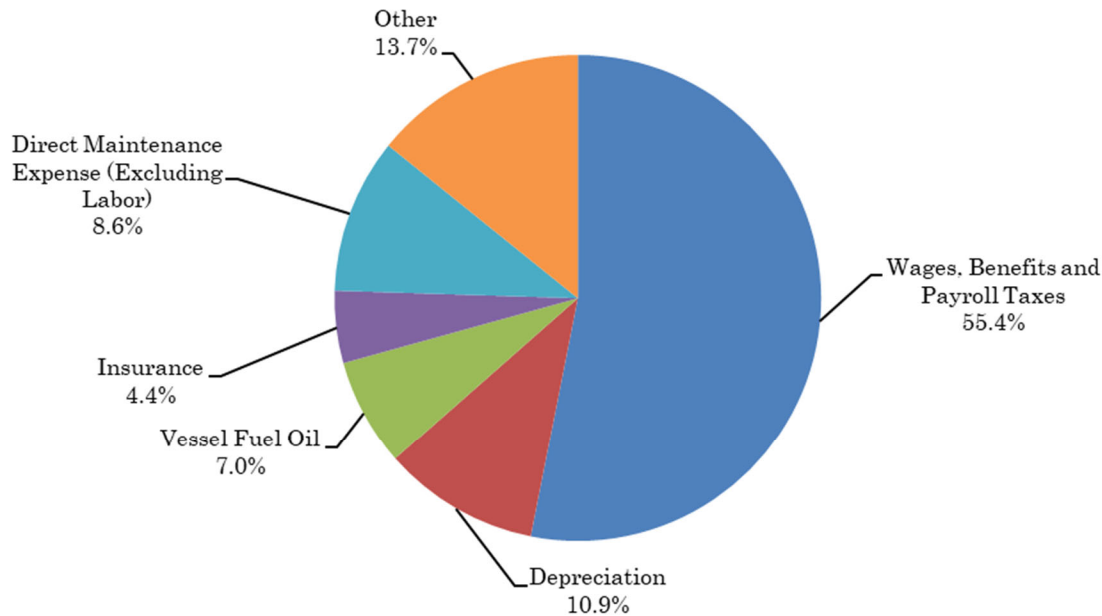
During 2025, the Authority operated 24,074 vessel trips, which represented a decrease of 5 trips, versus 2024.

Expenses related to terminal operations increased in 2025 versus 2024 by \$1,934,027, or 12.7%. This increase was attributed to a \$1,484,731 increase in payroll expenses and an increase in miscellaneous expenses of \$449,296.

Expenses to operate reservations and customer service increased in 2025 versus 2024 by \$91,563, or 3.0%. This increase was primarily attributed to an increase in payroll expense of \$145,385 and a decrease in advertising and other traffic expenses of \$45,096.

General and administrative expense in 2025 increased by \$4,501,255, or 10.9%, versus 2024. In 2025, administration payroll expense increased by \$893,116, or 14.2%, versus 2024. Overall pension, health and welfare expense increased by \$2,972,282, or 16.6%, versus 2024. Payroll taxes increased by \$360,909, or 9.7%; credit card fees increased by \$323,385 or 11.7%; and legal expenses increased by \$103,222 or 52.5%, versus 2024.

The major sources of operating expenses for the year ended December 31, 2025, were as follows:

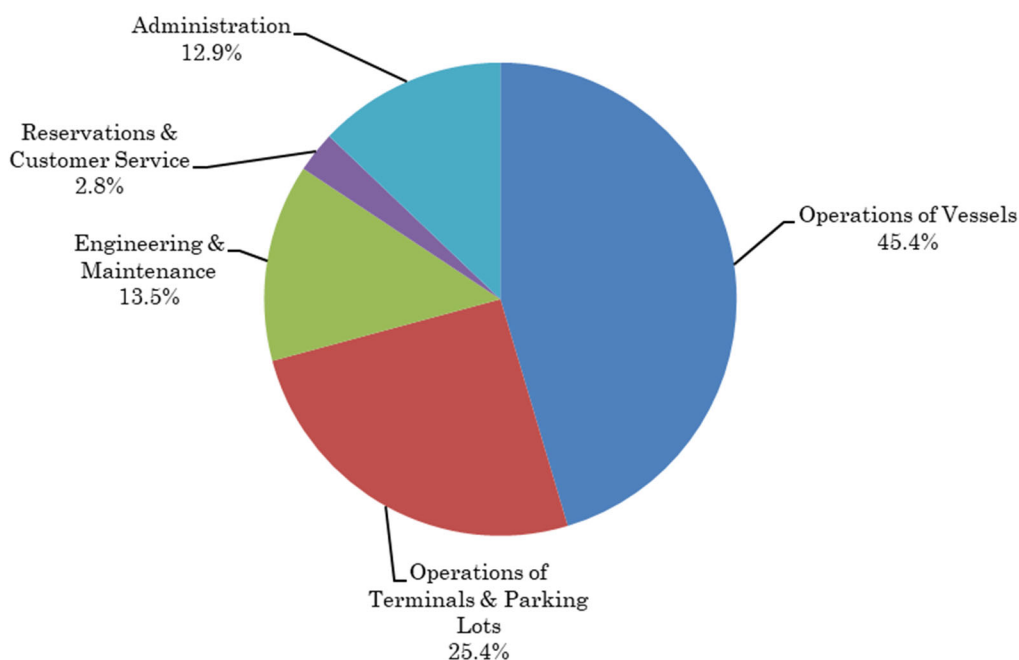


Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
 Management's Discussion and Analysis (Unaudited)
 Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

55.4% of the Authority's operating expenses in 2025 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2025 was distributed to the following functions:



Nonoperating (Expenses) Revenues

The Authority's total nonoperating revenues in 2025 were \$3,284,423 which was a decrease of \$1,707,446, or 33.7%, over the total nonoperating revenues of \$4,955,171 in 2024. Expenses for interest on bonds and other obligations of \$2,412,900 in 2025 was a decrease of \$503,750 over the \$1,909,150 in 2024. Income from special-purpose restricted funds of \$1,165,512 in 2025 was a decrease of \$674,004 over the \$1,839,516 in 2024. Miscellaneous revenue of \$4,549,384 in 2025 decreased by \$540,527 over 2024, due to a decrease in profit from sale of property of \$249,188; a decrease of \$134,974 in interest income; and a decrease in license income of \$156,365. Miscellaneous expenses in 2025 decreased by \$47,533 as compared to 2024.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Comparison of Financial Condition at December 31, 2024 and 2023

The number of passengers the Authority carried increased in 2024 compared to 2023. Passengers on the Martha's Vineyard route were up, while the Nantucket route saw a decrease compared to 2023. The number of automobiles carried in 2024 on both routes decreased compared to the prior year, while the number of trucks increased for the Martha's Vineyard route and decreased for the Nantucket route compared to the prior year.

The Authority's total assets and liabilities were \$366,035,458 and \$147,970,137, respectively, as of December 31, 2024, as compared to \$333,859,748 and \$147,904,400, respectively, as of December 31, 2023. The Authority's deferred outflows of resources were \$4,431,199 and \$6,079,246, for the years ended December 31, 2024 and 2023, respectively. The Authority's deferred inflows of resources were \$2,477,375 and \$4,805,323, for the years ended December 31, 2024 and 2023, respectively. The net position as of December 31, 2024, was \$220,019,145, a 17.5% increase from the prior fiscal year-end.

The increase in total net position was \$32,789,874 for the year ended December 31, 2024, up \$10,469,951 from the \$22,319,923 increase in total net position posted in 2023. Income before capital grants and contributions in 2024 was down \$513,159, or 3.8%, when compared to the prior year.

The decrease in income before capital grants and contributions was primarily attributed to a \$1,157,525, or 0.8% increase in the Authority's operating revenue, and a \$5,848,307, or 4.5% increase in the Authority's operating expense, offset by an increase in total nonoperating revenues of \$4,177,623 and the net impact of changes in interest on bonds and other obligations, miscellaneous revenue and expenses. These changes are discussed in greater detail in the following sections.

During 2024, the Steamship Authority was awarded grants through the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program and the Fast Act Ferry Boat Program. These awards are recorded under the heading grants funding in the statement of revenues, expenses and changes in net position.

Operating Revenues

The Steamship Authority's total operating revenues in 2024 were \$138,257,571. Total operating revenues increased by \$1,157,525, or 0.8%, for the year ended December 31, 2024.

The number of passengers carried increased by 19,121, or 0.7%, in 2024 from 2023. Ridership on the conventional service increased by 5,707 riders, or 0.2%, while passenger traffic carried on the M/V Iyanough increased by 13,414 passengers, or 4.1%, for the year, as compared to 2023. In addition, the average revenue per passenger increased from \$11.86 in 2023 to \$11.90 in 2024, due mostly the increase in travel on the M/V Iyanough. Total passenger revenues in 2024 were \$34,990,078, an increase of 1.0%, versus the previous year.

The number of automobiles carried decreased by 17,471, or 3.6%, in 2024 from 2023. The average revenue per automobile increased from \$88.80 in 2023 to \$90.40 in 2024, due mostly to the fare increases for standard fared automobiles. Total automobile revenues in 2024 were \$41,804,353, a decrease of 1.9% versus the previous year.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

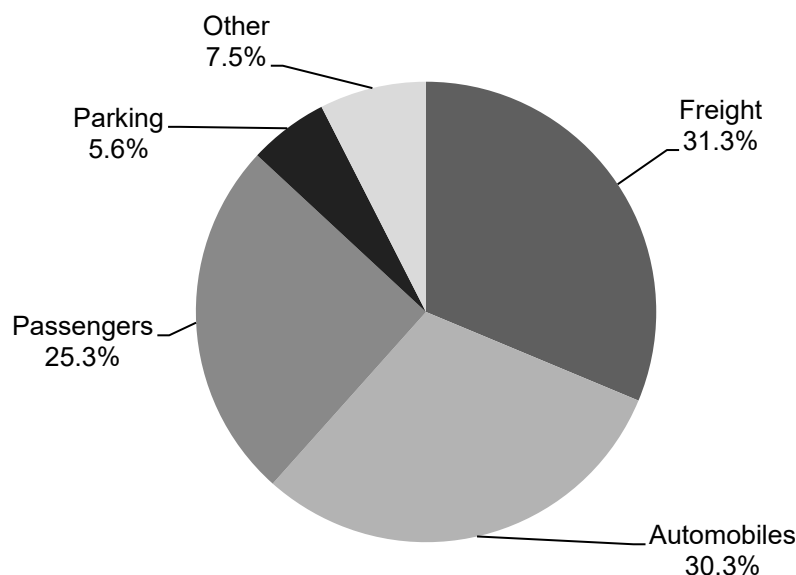
Operating Revenues...continued

The number of trucks carried increased by 593, or 0.3%, in 2024 from 2023 traffic levels. The average revenue per truck increased from \$200.88 in 2023 to \$204.62 during 2024, due in part to fare increases for the Nantucket route. Total freight revenues in 2024 were \$43,288,603, an increase of 2.1% versus the previous year.

Parking revenue in 2024 increased by \$81,268 from 2023. The total number of cars parked increased by 3,090, or 1.8%, from 2023. Total parking revenues in 2024 were \$7,782,458, an increase of 1.1% versus the previous year.

Other miscellaneous operating revenues increased by \$627,432, or 6.4%, in 2024, primarily due to an increase in penalty revenue and barge revenue.

The major sources of operating revenues for the year ended December 31, 2024, were as follows:



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

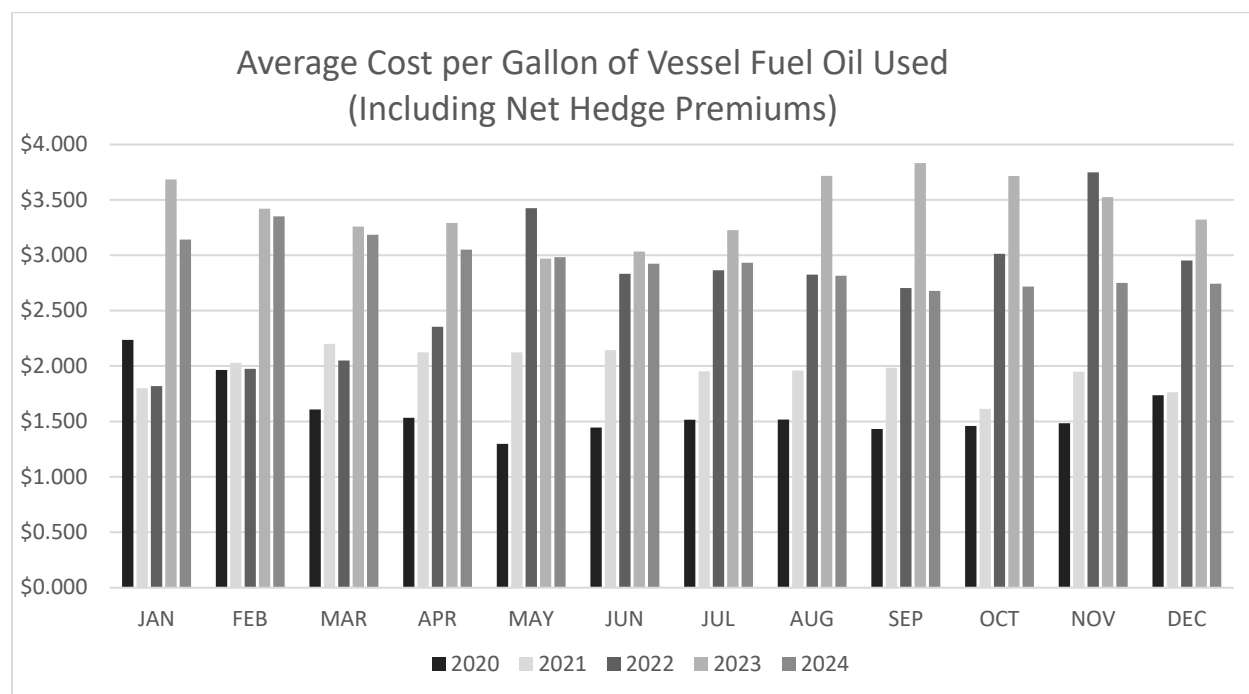
Operating Expenses

The Authority's total operating expenses in 2024 were \$134,945,554; in 2023, total operating expenses were \$129,097,247. Total operating expenses in 2024 were \$5,848,307, or 4.5% higher than the previous year. Increases in wages and benefits, terminal maintenance, insurance, utilities, and advertising expenses were offset by decreases in depreciation, fuel oil, vessel maintenance, and legal expenses.

Maintenance expense increased in 2024 versus 2023 by \$2,553,642, or 10.1%. The increase was primarily attributable to increases in computer maintenance expenses of \$785,746 and increases in maintenance payroll expenses of \$1,561,427.

Depreciation and amortization expense decreased in 2024 versus 2023 by \$648,884, or 4.4%. The decrease in 2024 is attributable to the prior year's accelerated depreciation of vessel equipment on the M/V Gay Head, M/V Katama along with decreases in 2023 for the M/V Martha's Vineyard, M/V Nantucket, computer equipment and terminal and parking equipment. These decreases were partially offset by the addition of electric vehicle charging stations, work trucks, maintenance equipment, computer equipment and a new HVAC system at the Vineyard Haven Terminal.

Vessel operating expenses increased by \$339,301, or 1.0%, versus 2023 expenses. Vessel payroll expense in 2024 increased by \$2,377,906, or 12.1%, versus 2023 payroll expense. Vessel fuel oil expense of \$9,698,816 was \$1,927,215, or 16.6% lower in 2024 than in 2023. The average cost per gallon of fuel used operating, including hedge costs, in 2024 was \$2.907, which represents a decrease of 14.8% over the average cost per gallon of fuel used operating in 2023, of \$3.264. In 2024, the Steamship Authority's vessels consumed approximately 3,340,000 gallons of fuel, a decrease of 2.1% versus 2023.



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

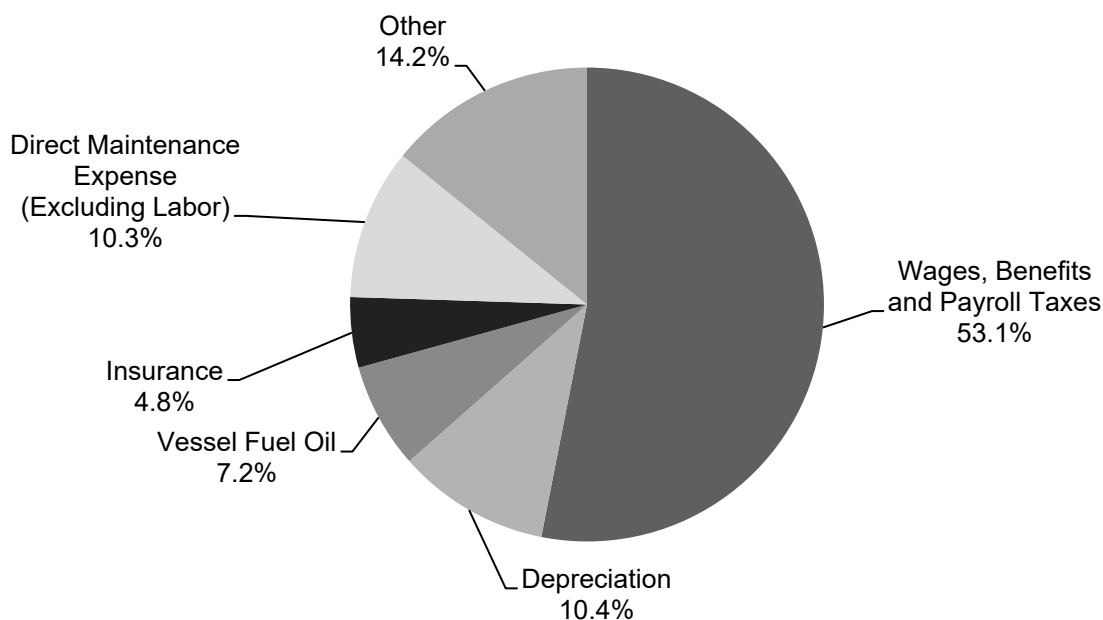
During 2024, the Authority operated 24,079 vessel trips, which represented a decrease of 582 trips, or 2.4%, versus 2023.

Expenses related to terminal operations increased in 2024 versus 2023 by \$1,029,793, or 7.3%. This increase was primarily attributed to a \$964,114 increase in payroll expenses and an increase in miscellaneous expenses of \$65,679.

Expenses to operate reservations and customer service increased in 2024 versus 2023 by \$96,367, or 3.2%. This increase was primarily attributed to an increase in payroll expense of \$33,080 and an increase in advertising expense of \$58,712.

General and administrative expense in 2024 increased by \$2,478,088, or 6.4%, versus 2023. In 2024, administration payroll expense increased by \$618,611, or 10.90%, versus 2023. Overall pension, health and welfare expense increased by \$448,238, or 2.6%, versus 2023. Insurance costs increased by \$797,490, or 14.0%; payroll taxes increased by \$189,664, or 5.4%; consulting costs increased by \$352,789, or 56.3%; and training expenses increased by \$68,899, or 23.5%, versus the prior year.

The major sources of operating expenses for the year ended December 31, 2024, were as follows:



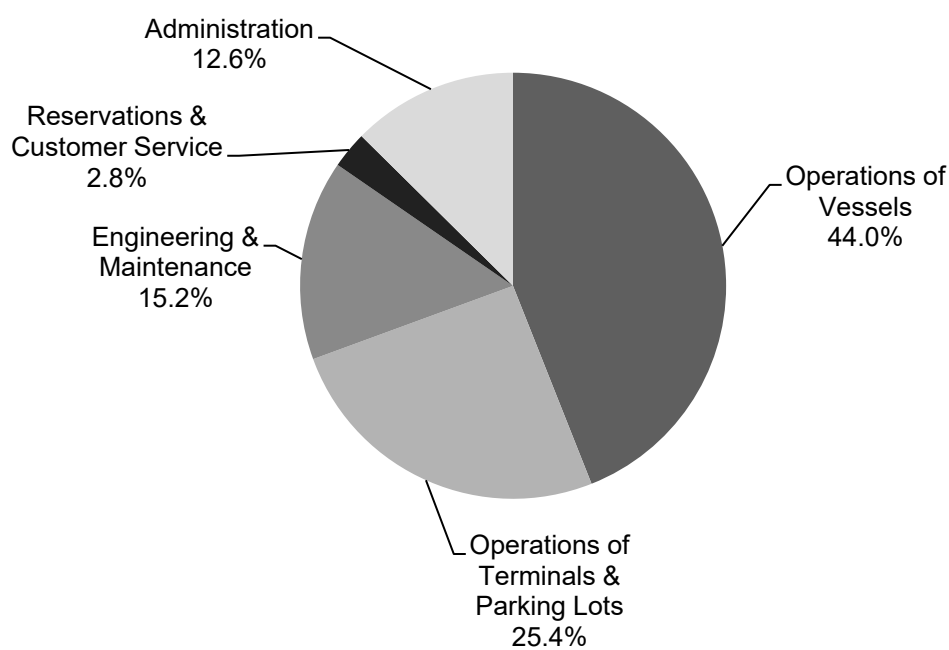
Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Operating Expenses...continued

53.2% of the Authority's operating expenses in 2024 were attributed to wages and the cost of employee benefits. The Authority's payroll in 2024 was distributed to the following functions:



Nonoperating (Expenses) Revenues

The Authority's total nonoperating revenues in 2024 were \$4,955,171 which was an increase of \$1,044,222, or 26.7%, over the total nonoperating revenues of \$3,910,949 in 2023. Expenses for interest on bonds and other obligations of \$1,909,150 in 2024 was a decrease of \$432,537 over the \$2,341,687 in 2023. Income from special-purpose restricted funds of \$1,839,516 in 2024 was a decrease of \$393,548 over the \$2,233,064 in 2023. Miscellaneous revenue of \$5,089,911 in 2024 increased by \$936,854 over 2023, due to an increase in profit from sale of property of \$255,000; an increase of \$184,774 in interest income; and an increase in license income of \$497,080. Miscellaneous expenses in 2024 decreased by \$68,379 as compared to 2023, primarily due to a decrease in loss from sale of property.

During 2024, the Steamship Authority was awarded grants through the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Program and the Fast Act Ferry Boat Program. These awards are recorded under the heading grants funding - capital in the statement of revenues, expenses and changes in net position.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...CONTINUED

SPECIAL-PURPOSE RESTRICTED FUNDS AND FUND TRANSFERS

The Authority's Enabling Act requires revenue derived from its operation to be set aside each month in a specific order and in amounts as follows:

- (1) *To the Operations Fund — such amount, if available, as may be required to pay the cost of maintenance, repair and operation of the Steamship Authority, not to exceed the next two months budgeted cash disbursements and 1/36 of the annual cash disbursements;*
- (2) *To the Sinking Fund — such amount, if any, as may be required for the payment of the interest on and the principal of all bonds as the same shall become due and payable;*
- (3) *To the Replacement Fund — such amount, if any, as may be deemed necessary or advisable for depreciation of property and for obsolescence and losses with respect to property sold, destroyed, or abandoned and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Property Replacement Fund in any given year to the amount of the prior year's depreciation expense);*
- (4) *To the Reserve Fund — such amount, if any, as may be required to make the balance therein equal to 5% of the principal amount of all outstanding bonds, exclusive of bonds considered as defeased, or \$600,000, whichever is greater;*
- (5) *To the Bond Redemption Fund — all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Property Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued; and*
- (6) *To the Capital Improvement Fund — the net proceeds of any bonds or bond anticipation notes issued for capital projects and improvements.*

The Authority's Sinking Fund balance at December 31, 2025, was \$14,326,603 including income from investments of \$558,898 during 2025. The Authority's cash flow during 2025 allowed for transfers to be made to the Sinking Fund to meet the scheduled bond interest payment of \$1,625,225 on September 1, 2025, and to provide for the payment of bond interest and principal due on March 1, 2025, in the amount of \$1,881,725 and \$10,260,000, respectively.

At December 31, 2025, the Property Replacement Fund balance was \$9,611,780, including income earned from investments of \$570,858 during 2025.

In addition, \$13,976,568 was transferred from the Operations Fund to the Property Replacement Fund, a decrease of \$648,884 over the previous year's transfers. Disbursements from the Property Replacement Fund in 2025, totaling \$36,608,506, were comprised of the following:

| | |
|---|--------------|
| OSV Acquisition, Conversion and Reactivation | \$27,464,224 |
| Woods Hole Terminal Construction | \$2,416,618 |
| Nantucket Transfer Bridge | \$1,793,056 |
| Electric Hybrid Transit Buses (2) | \$1,599,842 |
| Website Development | \$1,803,150 |
| Miscellaneous tools, vehicles, and office equipment | \$1,531,616 |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

FINANCIAL ANALYSIS...continued

Special-Purpose Restricted Funds and Fund Transfers...continued

The Authority's Reserve Fund balance at December 31, 2025, was \$4,648,203, including income from investments of \$190,988 during 2025.

The Authority's Capital Improvement Fund balance as of December 31, 2025, was \$5,672,645, including income from investments of \$298,360. During 2025, disbursements from the Capital Improvement Fund totaled \$16,783,965. Fund disbursements in 2025 were for the Woods Hole Terminal Reconstruction project. Unexpended proceeds from Steamship Bonds are reported as assets of the Capital Improvement Fund.

The Bond Redemption Fund balance was \$197,355 at December 31, 2025, including income from investments of \$105,306 during 2025.

Investment income from the special-purpose restricted funds amounted to \$1,165,512 during 2025, excluding income from investments in the Sinking Fund of \$558,898.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets as of December 31, 2025, amounted to \$315,891,692 net of accumulated depreciation and amortization. The Authority's investment in capital assets includes vessels, buildings and structures, office and terminal equipment, motor vehicles, land, leasehold improvements and construction projects in progress. During 2025, the Authority invested \$50,609,776 in construction projects in progress.

The Authority's capital assets as of December 31, 2024, amounted to \$280,442,952 net of accumulated depreciation and amortization. The Authority's investment in capital assets includes vessels, buildings and structures, office and terminal equipment, motor vehicles, land, leasehold improvements and construction projects in progress. During 2024, the Authority invested \$47,732,455 in construction projects in progress.

Capital asset additions were funded through the Authority's operations funds and special-purpose restricted funds.

More detailed information regarding the Authority's capital assets activities for 2025 and 2024 can be found in the notes to the financial statements (Note 3).

Debt Administration

The Authority is currently authorized under the provisions of the Enabling Act, as amended, to issue bonds in an amount not to exceed \$150,000,000 outstanding at any one time. The Authority's Enabling Act further provides that if at any time any principal or interest is due or about to become due on the Authority's bonds and the funds to pay the same are not available, the Authority shall certify to the State Treasurer the amount required to meet such obligations and the Commonwealth shall pay over to the Authority the amount so certified. In the opinion of the Authority's bond counsel, the obligation of the Commonwealth to pay the required amount to the Authority is a general obligation of the Commonwealth and the full faith and credit of the Commonwealth is pledged to make such payment. The Commonwealth has never been called upon to make payments to the Authority to meet such obligations under the provisions of the Enabling Act.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2025 and 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION...continued

Debt Administration...continued

The Authority made scheduled principal payments of \$10,260,000 during 2025. The total amount of bonds and notes outstanding, net of unamortized premiums of \$6,847,976, was \$92,645,000 as of December 31, 2025. The Authority made scheduled principal payments of \$8,325,000 during 2024. The total amount of bonds and notes outstanding, net of unamortized premiums of \$6,274,208, was \$82,905,000 as of December 31, 2024.

More detailed information regarding the Authority's debt administration activities for 2025 and 2024 can be found in the notes to the financial statements (Note 5).

ECONOMIC FACTORS

Demand for the Authority's services is mainly affected by the overall economic activity on Martha's Vineyard and Nantucket, both seasonally and year-round. The economic activity is a reflection of the overall construction on the islands and other factors, such as weather-related conditions, capacity constraints and operational limitations, which can also have an impact on the Authority's annual ridership volumes.

Passengers carried in 2025 increased compared to 2024. The Authority's automobile traffic during the 2025 fiscal year decreased, while the truck traffic increased, compared to 2024.

The Authority's traffic statistics for the past five years are as follows:

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------------|-----------|-----------|-----------|-----------|-----------|
| Passengers | 2,727,556 | 2,903,528 | 2,921,844 | 2,940,965 | 2,958,355 |
| Automobiles | 505,555 | 490,848 | 479,902 | 462,431 | 461,655 |
| Trucks | 198,879 | 204,525 | 210,967 | 211,560 | 212,787 |
| Cars parked | 157,827 | 167,103 | 168,861 | 171,951 | 170,257 |
| Trips made | 24,369 | 24,761 | 24,661 | 24,079 | 24,074 |
| Nautical Miles | 362,696 | 368,346 | 365,798 | 357,442 | 357,762 |

REQUESTS FOR INFORMATION

This report is intended to provide an overview of the Authority's financial condition. Questions concerning any of the information in this report or requests for additional information should be addressed to the Authority's Treasurer/Comptroller, 228 Palmer Avenue, Falmouth, MA 02540.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Net Position

December 31, 2025 and 2024

| | 2025 | 2024 |
|--|----------------|----------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 24,411,911 | \$ 25,460,528 |
| Fuel program premiums | - | 14,436 |
| Receivables, net | 2,175,689 | 2,337,742 |
| Grants receivable | 2,878,509 | 13,106,006 |
| Inventories | 1,019,653 | 585,485 |
| Prepaid insurance and other | 4,439,249 | 3,603,791 |
| Prepaid fuel hedge | 685,525 | 933,707 |
| Total current assets | 35,610,536 | 46,041,695 |
| Non current assets: | | |
| Special-purpose restricted funds: | | |
| Cash and cash equivalents: | | |
| Sinking fund: | | |
| Current bond maturities and interest | 14,326,603 | 12,677,324 |
| Redemption of bonds | 197,355 | 939,975 |
| Property replacement fund | 9,611,780 | 21,572,861 |
| Reserve fund | 4,648,203 | 4,164,394 |
| Capital improvement fund | 5,672,645 | 22,569 |
| Total special-purpose restricted funds | 34,456,586 | 39,377,123 |
| Capital assets: | | |
| Land | 27,112,044 | 27,112,044 |
| Construction in progress | 72,975,103 | 83,035,084 |
| Floating equipment | 225,652,062 | 170,995,977 |
| Buildings and structures | 187,890,737 | 185,918,378 |
| Office and terminal equipment | 23,234,108 | 21,457,020 |
| Motor vehicles | 15,544,335 | 13,326,695 |
| Leasehold improvements | 1,479,225 | 1,479,225 |
| Right to use lease assets | 6,329,546 | 5,496,832 |
| Less - accumulated depreciation and amortization | (244,325,468) | (228,378,303) |
| Total capital assets, net | 315,891,692 | 280,442,952 |
| Long-term prepaid expense | 199,160 | 173,688 |
| Total noncurrent assets | 350,547,438 | 319,993,763 |
| Total assets | 386,157,974 | 366,035,458 |
| Deferred outflows of resources: | | |
| Deferred outflow on pensions | 4,116,912 | 4,237,670 |
| Deferred outflow on OPEB | 125,714 | 193,529 |
| Total deferred outflows of resources | 4,242,626 | 4,431,199 |
| Total assets and deferred outflows of resources | \$ 390,400,600 | \$ 370,466,657 |

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Net Position...continued

December 31, 2025 and 2024

| | 2025 | 2024 |
|--|-----------------------|-----------------------|
| LIABILITIES AND NET POSITION | | |
| Current liabilities: | | |
| Accounts payable | \$ 9,925,877 | \$ 13,521,553 |
| Accrued wages, taxes and employee allotments | 966,025 | 3,972,564 |
| Accrued vacation/sick liability | 5,835,498 | 4,487,188 |
| Accrued interest - leases/SBITAs | 39,688 | 15,749 |
| Lease/SBITA liability | 841,499 | 826,125 |
| Unearned revenue | 12,585,870 | 10,598,125 |
| Pension withdrawal obligation | 678,235 | 652,920 |
| Total current liabilities | <u>30,872,692</u> | <u>34,074,224</u> |
| Current liabilities payable from special-purpose restricted funds: | | |
| Accrued interest on Steamship Bonds | 1,670,398 | 1,268,346 |
| Long-term debt | 10,855,000 | 10,260,000 |
| Total liabilities payable from special-purpose restricted funds | <u>12,525,398</u> | <u>11,528,346</u> |
| Noncurrent liabilities: | | |
| Long-term debt, net of current portion | 88,637,976 | 78,919,208 |
| Lease/SBITA liability, net of current portion | 1,993,291 | 2,021,172 |
| Accrued vacation/sick liability, net of current portion | 1,707,890 | 1,605,732 |
| Net pension liability | 8,338,433 | 8,984,024 |
| Total OPEB liability | 2,002,907 | 2,083,432 |
| Pension withdrawal obligations | 8,075,764 | 8,753,999 |
| Total noncurrent liabilities | <u>110,756,261</u> | <u>102,367,567</u> |
| Total liabilities | <u>154,154,351</u> | <u>147,970,137</u> |
| Deferred inflows of resources: | | |
| Deferred inflow gain from advance refunding | 21,452 | 28,227 |
| Deferred inflow on Pension | 738,798 | 1,881,253 |
| Deferred inflow on OPEB | 566,194 | 567,895 |
| Total deferred inflows of resources | <u>1,326,444</u> | <u>2,477,375</u> |
| Net position: | | |
| Net investment in capital assets | 218,322,237 | 185,533,542 |
| Restricted | 27,113,544 | 38,086,208 |
| Unrestricted (deficit) | <u>(10,515,976)</u> | <u>(3,600,605)</u> |
| Total net position | <u>234,919,805</u> | <u>220,019,145</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 390,400,600</u> | <u>\$ 370,466,657</u> |

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Operating revenues: | | |
| Passenger | \$ 35,833,659 | \$ 34,990,078 |
| Automobile | 45,951,057 | 41,804,353 |
| Freight | 47,860,275 | 43,288,603 |
| Parking | 9,729,429 | 7,782,458 |
| Other | 9,724,971 | 10,392,079 |
| Total operating revenues | <u>149,099,391</u> | <u>138,257,571</u> |
| Operating expenses: | | |
| Operation of vessels | 37,361,927 | 33,412,903 |
| Operation of terminals and parking lots | 17,163,233 | 15,229,206 |
| Maintenance | 26,357,229 | 27,789,031 |
| Reservations, advertising, and other traffic | 3,189,903 | 3,098,340 |
| Depreciation and amortization | 15,964,479 | 13,976,568 |
| General and administrative | 45,940,761 | 41,439,506 |
| Total operating expenses | <u>145,977,532</u> | <u>134,945,554</u> |
| Operating income | <u>3,121,859</u> | <u>3,312,017</u> |
| Nonoperating (expenses) revenues: | | |
| Interest on bonds and other obligations | (2,412,900) | (1,909,150) |
| Income from special-purpose restricted funds | 1,165,512 | 1,839,516 |
| Miscellaneous revenue | 4,549,384 | 5,089,911 |
| Miscellaneous expense | (17,573) | (65,106) |
| Total nonoperating revenues | <u>3,284,423</u> | <u>4,955,171</u> |
| Income before grants | 6,406,282 | 8,267,188 |
| Grants funding - operating | <u>3,127,746</u> | <u>4,625,186</u> |
| Income before capital grants | 9,534,028 | 12,892,374 |
| Grants funding - capital | <u>5,366,632</u> | <u>19,897,500</u> |
| Change in net position | <u>14,900,660</u> | <u>32,789,874</u> |
| Net position, beginning of year | <u>220,019,145</u> | <u>187,229,271</u> |
| Net position, end of year | <u>\$ 234,919,805</u> | <u>\$ 220,019,145</u> |

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Payments from customers | \$ 151,394,580 | \$ 138,893,010 |
| Payments to employees for services | (57,316,294) | (46,520,441) |
| Payments to suppliers and contractors | (78,564,213) | (70,797,318) |
| Net cash provided by operating activities | <u>15,514,073</u> | <u>21,575,251</u> |
| Cash flows from noncapital financing activities: | | |
| Principal payments on withdrawal obligations | (652,920) | (628,549) |
| Interest paid on withdrawal liability | (347,080) | (371,451) |
| Receipts from other funds and license activities | 5,565,826 | 4,054,339 |
| Operating grant received | 8,977,818 | (132,958) |
| Net cash provided by noncapital financing activities | <u>13,543,644</u> | <u>2,921,381</u> |
| Cash flows from capital and related financing activities: | | |
| Principal payments on Steamship Bonds/bond anticipation notes | (10,260,000) | (8,325,000) |
| Proceeds from Steamship Bonds/bond anticipation notes | 20,000,000 | - |
| Payments for leased property | (845,221) | (794,813) |
| Interest paid | (3,094,154) | (3,250,046) |
| Proceeds from sales of capital assets | 35,083 | 272,701 |
| Capital expenditures paid | (52,606,650) | (42,840,905) |
| Capital grant received | 9,744,057 | 15,859,729 |
| Net cash used in capital and related financing activities | <u>(37,026,885)</u> | <u>(39,078,334)</u> |
| Cash flows from investing activities: | | |
| Interest received | 834,502 | 969,476 |
| Interest from special-purpose restricted funds | 1,165,512 | 1,839,516 |
| Net cash provided by investing activities | <u>2,000,014</u> | <u>2,808,992</u> |
| Net (decrease) in cash and cash equivalents | (5,969,154) | (11,772,710) |
| Cash and cash equivalents, beginning of year | <u>64,837,651</u> | <u>76,610,361</u> |
| Cash and cash equivalents, end of year | <u>\$ 58,868,497</u> | <u>\$ 64,837,651</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Operating income | \$ 3,121,859 | \$ 3,312,017 |
| Depreciation and amortization | 15,964,479 | 13,976,568 |
| Changes in assets, deferred outflows and liabilities, deferred inflows: | | |
| (Increase) decrease in: | | |
| Receivables | 309,042 | 180,058 |
| Inventories | (434,168) | 60,232 |
| Prepaid insurance and other and prepaid fuel hedge | (598,312) | 675,358 |
| Deferred outflows of resources | 188,573 | 1,648,047 |
| Increase (decrease) in: | | |
| Accounts payable | (1,598,802) | 2,360,251 |
| Accrued wages, vacation pay, and expenses | (1,556,071) | 3,415,635 |
| Other postemployment benefits | (80,525) | (153,670) |
| Net pension liabilities | (645,591) | (2,034,006) |
| Unearned revenue | 1,987,745 | 455,935 |
| Deferred inflows of resources | (1,144,156) | (2,321,174) |
| Net cash provided by operating activities | <u>\$ 15,514,073</u> | <u>\$ 21,575,251</u> |

Supplemental disclosure of noncash transactions:

At December 31, 2025 and 2024, the Authority had capital expenditures in the amount of \$2,191,404 and \$5,159,833, respectively, that were included in accounts payable.

See notes to financial statements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Fiduciary Net Position

December 31, 2025 and 2024

| | 2025 | 2024 |
|---------------------------|-------------------------------|----------------------|
| | <u>Non-Union Pension Fund</u> | |
| ASSETS | | |
| Investments: | | |
| Large U.S. equity | \$ 10,261,396 | \$ 8,522,807 |
| Small/Mid U.S. equity | 4,040,742 | 3,458,487 |
| International equity | 6,384,662 | 5,165,792 |
| Fixed income | 22,013,026 | 20,773,713 |
| Other investments | 3,039,340 | 2,724,535 |
| | <hr/> | |
| Total assets | 45,739,166 | 40,645,334 |
| | <hr/> | |
| NET POSITION | | |
| Restricted for pensions | 45,739,166 | 40,645,334 |
| | <hr/> | |
| Total net position | \$ 45,739,166 | \$ 40,645,334 |
| | <hr/> <hr/> | |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Statements of Changes in Fiduciary Net Position

Years Ended December 31, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|-------------------------------|----------------------|
| | <u>Non-Union Pension Fund</u> | |
| Additions: | | |
| Contributions | <u>\$ 2,546,536</u> | <u>\$ 2,312,993</u> |
| Investment income: | | |
| Net appreciation of investments | <u>4,810,481</u> | <u>2,614,193</u> |
| Net investment income | <u>4,810,481</u> | <u>2,614,193</u> |
| Total additions | <u>7,357,017</u> | <u>4,927,186</u> |
| Deductions: | | |
| Benefit payments | <u>2,263,185</u> | <u>2,744,251</u> |
| Total deductions | <u>2,263,185</u> | <u>2,744,251</u> |
| Change in net position | 5,093,832 | 2,182,935 |
| Fiduciary Net Position: | | |
| Restricted for pension benefits - beginning balance | <u>40,645,334</u> | <u>38,462,399</u> |
| Restricted for pension benefits - ending balance | <u>\$ 45,739,166</u> | <u>\$ 40,645,334</u> |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the Authority) is a public instrumentality created by the legislature of the Commonwealth of Massachusetts (Commonwealth) under Chapter 701 of the Acts of 1960, as amended (the Act). The Authority currently consists of five voting members (Board): one resident of Dukes County appointed by the County Commissioners thereof; one resident of the Nantucket County appointed by the County Commissioners thereof; one resident of the Town of Barnstable appointed by the Town Council thereof; one resident of the Town of Falmouth appointed by the Town Council thereof; and one member who is a resident of the City of New Bedford, appointed by the Mayor of the City of New Bedford, with the approval of the City Council thereof. The Enabling Act provides that votes of the members of the Authority are weighted such that the of Dukes County member's vote counts as thirty-five percent of the whole; the Nantucket County member's vote counts as thirty-five percent of the whole; and the vote of each of the Barnstable, Falmouth and New Bedford members counts as ten percent of the whole, to the end that the votes of the Dukes County and Nantucket County members, if cast on the same side of any motion placed before the Authority, shall pass or defeat that motion. A vote of greater than fifty percent of the weighted vote is necessary for any action taken by the Authority. Members whose combined votes count as more than fifty percent of the whole constitute a quorum. The Authority has no stockholders or equity holders.

Measurement Focus, Basis of Accounting and Financial Reporting Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under these standards, the Authority is defined as a special-purpose governmental entity engaged only in business-type activities.

The Authority's fiduciary funds are presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third-party (pension participants) and cannot be used to address activities or obligations of the Authority, these funds are not incorporated into the financial statements of the Authority itself.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and other non-exchange transactions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue represents cash received in advance of future service.

Net Position

Net position represents the residual interest in the Authority's assets plus deferred outflows of resources, less liabilities and deferred inflows of resources and consists of: (1) net investment in capital assets, (2) amounts restricted and (3) amounts that are unrestricted. Net investment in capital assets consists of capital assets reduced by accumulated depreciation, deferred inflow due to advance refunding and by any outstanding debt incurred to acquire, construct or improve those assets. Net position is reported as restricted when there are third-party limitations (statutory, contractual or bond covenant) on its use. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components. Unspent related debt proceeds or deferred inflows of resources at the end of the reporting period is included in the same net position component (restricted or unrestricted) as the unspent amount.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Cash and Cash Equivalents

Cash includes cash on hand, amounts in demand deposits and cash equivalents, which are short-term, highly liquid securities with readily determinable market values. For purposes of the accompanying statements of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Authority's special-purpose funds include amounts in demand deposits and cash equivalents which are short-term, highly liquid securities with readily determinable market values.

Fuel Program Premiums

Fuel program premiums include option premiums which are cash proceeds from expired fuel options as part of the Authority's fuel hedge program as described in Note 8.

Investments

The fiduciary fund investments are reported at fair value using quoted market price or the best available estimate thereof. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All investment income, including changes in the fair value of investments, is reported as revenue in the accompanying statements of revenues, expenses and changes in net position. As discussed in Note 2, the Authority's investments in 2025 and 2024 qualified to be reported as cash equivalents as the Authority participates in a qualifying external investment pool that measures all of its investments at amortized cost for financial reporting purposes. Accordingly, the Authority reports no investments at December 31, 2025 and 2024.

Inventories

Inventories of materials and supplies are stated at cost on a first-in, first-out basis.

Leases (Lessee) and Software Subscriptions (SBITA)

The Authority, as a lessee, recognizes a lease or SBITA liability at the commencement of the lease term, with certain exceptions for short-term and immaterial lease and SBITAs. The lease/SBITA terms include the non-cancellable period of the lease/SBITA, plus any additional periods covered by the option to extend the lease/SBITA for which it is reasonably certain to exercise. Periods for which both the Authority and the lessor have the option to terminate are excluded from the lease/SBITA term.

The lease/SBITA liability is measured at the present value of the lease payments expected to be paid during the lease term. The Authority's policy is to use the incremental borrowing rate at lease/SBITA commencement. The lease/SBITA liability is reduced by the principal portion of the lease payments made. The lease/SBITA asset is amortized into depreciation expense on a straight-line basis over the term of the lease.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Leases (Lessee) and Software Subscriptions (SBITA)...continued

The Authority monitors changes in circumstances that may require remeasurement of a lease/SBITA. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured and a corresponding adjustment is made to the lease/SBITA asset.

Capital Assets

Vessels, terminal property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated service lives of the related assets. The Authority's capitalization threshold for a single item is \$5,000 or \$10,000 for a group of items. The estimated service lives are as follows:

| | |
|--------------------------------|---|
| Vessels | 10-30 years |
| Buildings and structures: | |
| Buildings and wharves | 30 years |
| Sheds, fences and pavement | 10-20 years |
| Office and terminal equipment: | |
| Computer equipment | 3-5 years |
| Other | 10 years |
| Motor vehicles | 5 years |
| Buses | 10-12 years |
| Leasehold improvements | Shorter of remaining term of lease or estimated useful life |

Impairments

The Authority assesses the carrying value of capital assets whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable in accordance with GAAP. Impaired capital assets that will no longer be used by or no longer meet their estimated service utility for the Authority are reported using GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The Authority recorded impairment charges of \$0 and \$0 related to its property as of December 31, 2025 and 2024, respectively.

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts. The Authority has established the allowance for doubtful accounts to provide for potential uncollectible accounts based on current information available and past experience. The allowance for doubtful accounts was \$50,000 at December 31, 2025 and 2024.

Grants Receivable

The Authority is awarded grants through various federal programs and amounts outstanding at year-end are recorded as grants receivable on the balance sheet. These amounts are considered to be 100% collectible.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and, as such, will not be recognized as an outflow of resources (expense) until that time. These items are reported as a category below the assets on the statements of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, as such, will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below the liabilities on the statements of net position.

The Authority has the following items that qualify for reporting as deferred outflows of resources or deferred inflows of resources:

- For current refundings resulting in defeasance of debt reported by business-type activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter. The Authority reports its gain or loss on advance refundings within these categories.
- For amounts not recognized in pension expense due to difference between the measurement date and the fiscal year end date, are noted as deferred inflows and/or outflows from pensions and other post-employment benefits (OPEB).

Transfers and Use of Funds

The Enabling Act and the provisions of the Bond Resolutions with the Authority's bondholders, discussed in more detail in Note 2, govern the disposition of revenue and prescribe certain accounting practices of the Authority, which include the conditions for transfers between the various accounts and the use of such funds. The Enabling Act was amended in 1985 to increase the maximum amount of funds allowed in the Operations Fund and Reserve Fund.

Unamortized Bond Premiums and Discounts

Discounts of bonds and premiums are amortized using effective interest method over the life of the related bond issue.

Risk Financing and Related Insurance Issues

The Authority is self-insured with respect to medical benefits provided to certain employees and retirees. With respect to these medical benefits, the Authority purchases stop-loss insurance which covers all incurred claims in excess of approximately \$3,185,796 in the aggregate, up to a maximum aggregate benefit payment of \$1,000,000 per person per year. The Authority purchases commercial insurance to cover all other risks of loss. During the current and previous three years, there have been no settlements in excess of insurance coverage maintained by the Authority.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Accrued Sick Leave and Vacation

Employees are granted sick leave and vacation in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick leave and vacation (subject to certain limitations) at their then-current rates of pay. The accumulated amount of sick and vacation leave is recorded as an expense and liability as the benefits accrue to employees. With the adoption of GASB 101, *Compensated Absences*, the associated pension and payroll tax amounts are also recorded as an expense and liability.

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating revenues and expenses in its statements of revenues, expenses and changes in net position. Operating revenues consists of those revenues earned from customers for passage of vehicles and passengers, from parking operations and ancillary activities, such as concessions and driver services.

Operating expenses relate to the cost of providing those services and also include administration expenses and depreciation of capital assets. All other revenues and expenses that are not a direct result of the Authority's functions are considered nonoperating. Examples of nonoperating items include investment earnings, interest expense, gains and losses on the disposal of capital assets, grant revenue received from the reimbursement of operating expenses and licensing fees.

The Authority receives funding from various federal agencies that fund both operating and capital expenses. Operating grant revenue is recorded as nonoperating revenue. Grant revenue from federal awards is recognized upon grant award and the incurrence of eligible expenditures or performance of grant requirements. Grant contributions include federal grants, jurisdictional grants and other miscellaneous contributions.

Revenue Recognition

Revenues are recognized on the accrual basis of accounting. Revenues consist primarily of vehicle and passenger traffic on the ferries and parking fees. Vehicle and passenger revenue is recognized upon the completion of travel. Parking fees are recognized when the parking fees are collected.

Other Postemployment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the net position of OPEB and additions to and deductions from the OPEB net position have been determined on the same basis as they are reported. For this purpose, OPEB recognizes benefit payments when they are due and payable in accordance with the benefit terms.

Pension Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the non-union pension plan and non-union pension plan expense, information about the net position and additions to and deductions from the non-union pension plan's net position, have been determined on the same basis as they are reported. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Unearned Revenue

Unearned revenue consists primarily of fares received from customers for future reservations. Such amounts are recognized as revenue in subsequent periods as they are earned.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant use of estimates includes assumptions related to the valuation of the OPEB and pension plans (the accrual for claims to be submitted under the Authority's self-funded health insurance) and the allowance for uncollectible accounts.

Adoption of New Accounting Pronouncements

GASB Statement No. 102, Certain Risk Disclosures (GASB 102). The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact.

The adoption of GASB 102 did not have any impact on the Authority.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

Adoption of New Accounting Pronouncements...continued

| <u>GASB Statement No.</u> | | <u>Adoption Required in Fiscal Year</u> |
|-----------------------------------|---|---|
| 103 | <i>Financial Reporting Model Improvements</i> | 2026 |
| 104 | <i>Disclosure of Certain Capital Assets</i> | 2026 |
| 105 | <i>Subsequent Events</i> | 2027 |

Management is currently evaluating the applicability and impact that the adoption of these standards will have on the Authority's financial statements.

Subsequent Events

The Authority has evaluated events and transactions for potential recognition or disclosure through April 30, 2026, when the financial statements were available to be issued.

The Authority entered into various irrevocable stand-by letters of credits with TD Bank, N.A. subsequent to year-end, that will serve as collateral for the Authority's public deposits subsequent to December 31, 2025. As of April 30, 2026, the issued letters of credit presented below remain outstanding:

| <u>Issuance Date</u> | <u>Due Date</u> | <u>Amount</u> |
|----------------------|-----------------|---------------|
| March 23, 2026 | July 22, 2026 | \$20,000,000 |

The M/V Monomoy was placed into service and began operating on April 17, 2026.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Authority's Board has the sole responsibility for establishing and revising investment policy. In June 2003, the Board adopted a formal investment policy for all of its operations funds and special-purpose restricted funds. In January 2025, the Board reaffirmed the investment policy. The investment strategy is to invest substantially in short-term securities. Permitted investments will consist of obligations issued or secured by the U.S. government or agencies of the U.S. government and overnight repurchasing agreements with banks or in mutual funds composed of the above types of investments. The Authority can also invest in the Massachusetts Municipal Depository Trust (MMDT or the Trust), a pooled money-market-like investment fund managed by the Commonwealth and established under Massachusetts General Laws, Chapter 29, Section 38A.

Investment options which are offered by MMDT include a cash portfolio which offers participation in a diversified portfolio of high-quality money-market instruments that seek the highest possible level of current income consistent with preservation of capital and liquidity and a short-term bond portfolio which offers participation in a diversified portfolio of investment-grade, short-term, fixed-income securities that seeks to generate performance exceeding the Barclays one to five years government/credit bond index, presenting a fixed-income alternative with a longer time horizon than the cash portfolio. A participant's holdings in the Trust are not subject to creditors of the Commonwealth, nor will the Trust itself be affected by the financial difficulties of any participant. Amounts held at MMDT are uninsured and uncollateralized. The Authority's investment balance with MMDT as of December 31, 2025 and 2024, were solely in the cash portfolio and are reported as cash equivalents on the statements of net position. The cash portfolio is not registered with the Securities and Exchange Commission as an investment company, but maintains a policy to operate in a manner as a qualifying external investment pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The cash portfolio also adheres to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which amends Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures, for financial reporting purposes, all of its investments at amortized cost. At December 31, 2025 and 2024, the Authority's deposits with MMDT totaled \$42,417,226 and \$46,991,140, respectively. A copy of the financial statements of MMDT can be obtained from the Office of the State Treasurer, 1 Ashburton Place, Boston, MA 02110.

The total amount of the Authority's cash and cash equivalents at December 31, are as follows:

| | 2025 | 2024 |
|--|---------------------|----------------------|
| Cash, including trust and custody agreements | \$16,450,504 | \$17,845,744 |
| MMDT | 7,961,407 | 7,614,784 |
| Special-purpose restricted funds | 34,456,586 | 39,377,123 |
| Total | <u>\$58,868,497</u> | <u>\$ 64,837,651</u> |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS...continued

Custodial Credit Risk

Custodial credit risk exists for cash deposits when, in the event of a failure of a depository financial institution, the Authority's deposits may not be recovered. The Authority does not have a formal policy with regard to custodial credit risk, but generally invests in securities or financial institutions which have either short-term rating of "A" or government securities of "AAA." Bank deposits are Federal Depository Insurance Corporation or Massachusetts Depositors Insurance Fund insured as of December 31, 2025 and 2024. Bank trust and custody agreements include pledged holdings and irrevocable stand-by letters of credit amounting to \$18,000,000 and \$16,000,000 as of December 31, 2025 and 2024, respectively, issued by the various financial institutions and \$138,639,752 of federal pledged holdings as of December 31, 2025 and 2024, as collateral for the Authority's deposits. The total amounts of Authority deposits in financial institutions, per the bank statements, at December 31, are as follows:

| | 2025 | 2024 |
|---|--------------------|---------------------|
| Balance per banks | \$25,903,865 | \$27,386,735 |
| Deposits covered by: | | |
| Federal Depository Insurance Corporation | (1,000,000) | (1,000,000) |
| Massachusetts Depositors Insurance Fund | (2,780,484) | (3,562,017) |
| Bank trust and custody agreements | (14,134,834) | (15,179,389) |
| Total uninsured and uncollateralized deposits | <u>\$7,988,547</u> | <u>\$ 7,645,329</u> |

Interest Rate Risk and Credit Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Authority does not have a formal policy with regard to interest rate risk. The majority of the Authority's investments are in MMDT and are treated as cash equivalents. Fiduciary fund investments are with Principal Financial Group (Principal).

Credit risk exists when there is a possibility that the issuer of an investment may be unable to fulfill its obligations. The Authority does have a formal policy with regard to credit risk. It should be noted, however, that the investment portfolio may be no more than 25% invested in securities of a single issuer, except for obligations of the U.S. government. For the fiduciary fund investments with Principal, the Authority performs annual reviews to ensure investments are diversified by asset class, style and investment managers.

The Authority maintains cash, cash equivalents and investments available for use by all funds, in the manner provided below, as set forth by the Authority's Enabling Act, as amended.

The revenues derived from the operation of the Steamship Authority are set aside in funds as defined in the act and provisions of the Bond Resolutions. Monies in these funds on the last day of the preceding month shall be transferred:

- *To the Operations Fund* — such amount, if available, as may be required to pay the cost of maintenance, repair and operation of the Steamship Authority, not to exceed the next two months budgeted cash disbursements and 1/36 of the annual cash disbursements.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS...continued

Interest Rate Risk and Credit Risk...continued

- *To the Sinking Fund* — such amount, if any, as may be required for the payment of the interest on and the principal of all bonds as the same shall become due and payable;
- *To the Replacement Fund* — such amount, if any, as may be deemed necessary or advisable for depreciation of property and for obsolescence and losses with respect to property sold, destroyed, or abandoned and for improvements to, and acquisitions of, real and personal property (the Authority's current policy is to limit any transfers to the Replacement Fund in any given year to the amount of the prior year's depreciation expense);
- *To the Reserve Fund* — such amount, if any, as may be required to make the balance therein equal to 5% of the principal amount of all outstanding bonds, exclusive of bonds considered as defeased, or \$600,000, whichever is greater;
- *To the Bond Redemption Fund* — all of the remaining revenue to be used within a reasonable time for the purchase or redemption of bonds or, in the Authority's discretion, to be transferred to the Replacement Fund or to the Capital Improvement Fund to be used for any purposes for which bonds may be issued; and
- *To the Capital Improvement Fund* — the net proceeds of any bonds or bond anticipation notes issued for capital projects and improvements.

Fiduciary Fund Investments

As of December 31, 2025, the Authority had the following investments in its portfolio:

| Fiduciary Fund Investment Type | Fair Value | Fair Value Measurement | Investment Maturities (in years) | |
|-----------------------------------|----------------------|---------------------------|----------------------------------|------------|
| | | | Less Than 1 | 1-5 |
| Large U.S. Equity | \$ 10,261,396 | Level 1 | \$ 10,261,396 | \$ - |
| Small/Mid U.S. Equity | 4,040,742 | Level 1 | 4,040,742 | - |
| International Equity | 6,384,662 | Level 1 | 6,384,662 | - |
| Fixed Income | 22,013,026 | Level 1 | 743,178 | 21,269,848 |
| Real Estate | 3,039,340 | Level 3 | - | 3,039,340 |
| Total assets | <u>\$ 45,739,166</u> | | | |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS...continued

Fiduciary Fund Investments...continued

As of December 31, 2024, the Authority had the following investments in its portfolio:

| Fiduciary Fund Investment Type | Fair Value | Fair Value Measurement | Investment Maturities (in years) | |
|-----------------------------------|----------------------|---------------------------|----------------------------------|------------|
| | | | Less Than 1 | 1-5 |
| Large U.S. Equity | \$ 8,522,807 | Level 1 | \$ 8,522,807 | \$ - |
| Small/Mid U.S. Equity | 3,458,487 | Level 1 | 3,458,487 | - |
| International Equity | 5,165,792 | Level 1 | 5,165,792 | - |
| Fixed Income | 20,773,713 | Level 1 | 743,178 | 20,030,535 |
| Real Estate | 2,724,535 | Level 3 | - | 2,724,535 |
| Total assets | \$ 40,645,334 | | | |

Investment Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Pension Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Trust does not have a policy for custodial credit risk of investments. As of December 31, 2025, the Pension Trust's investments were held in the name of the Authority by the custodian and were not exposed to custodial credit risk.

Investment Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Pension Trust does not have a policy for credit risk of debt securities. The Pension Trust manages its exposure to debt security credit risks by investing in mutual funds.

Investment Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Pension Trust's investment in a single issuer. The Pension Trust does not have a policy for concentration of credit risk. As of December 31, 2025, the Pension Trust's investments were exclusively in mutual funds and therefore not exposed to concentration risk.

Investment Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Pension Trust manages its exposure to interest rates by investing in fixed income mutual funds.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

| | Beginning | | | | Ending Balance |
|---|-----------------------|----------------------|--------------------|---------------------|-----------------------|
| | Balance | Increases | Decreases | Transfers | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 27,112,044 | \$ - | \$ - | \$ - | \$ 27,112,044 |
| Construction in progress | 83,035,084 | 50,609,776 | - | (60,669,757) | \$ 72,975,103 |
| Total capital assets, not being depreciated | 110,147,128 | 50,609,776 | - | (60,669,757) | 100,087,147 |
| Capital assets, being depreciated: | | | | | |
| Floating equipment | 170,995,977 | - | - | 54,656,085 | 225,652,062 |
| Buildings and structures | 185,918,378 | - | - | 1,972,359 | 187,890,737 |
| Office and terminal equipment | 21,457,020 | - | - | 1,777,088 | 23,234,108 |
| Motor vehicles | 13,326,695 | - | (46,585) | 2,264,225 | 15,544,335 |
| Leasehold improvements | 1,479,225 | - | - | - | 1,479,225 |
| Right to use lease assets | 5,496,832 | 832,714 | - | - | 6,329,546 |
| Total capital assets, being depreciated | 398,674,127 | 832,714 | (46,585) | 60,669,757 | 460,130,013 |
| Less accumulated depreciation for: | | | | | |
| Floating equipment | 115,081,977 | 6,569,797 | - | - | 121,651,774 |
| Buildings and structures | 83,595,033 | 6,511,665 | - | - | 90,106,698 |
| Office and terminal equipment | 19,276,412 | 880,478 | - | - | 20,156,890 |
| Motor vehicles | 6,284,379 | 1,103,409 | (17,314) | - | 7,370,474 |
| Leasehold improvements | 1,479,225 | - | - | - | 1,479,225 |
| Lease amortization | 2,661,277 | 899,130 | - | - | 3,560,407 |
| Total accumulated depreciation | 228,378,303 | 15,964,479 | (17,314) | - | 244,325,468 |
| Total capital assets, being depreciated, net | 170,295,824 | (15,131,765) | (29,271) | 60,669,757 | 215,804,545 |
| Total capital assets, net | \$ 280,442,952 | \$ 35,478,011 | \$ (29,271) | \$ - | \$ 315,891,692 |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

3. CAPITAL ASSETS...continued

Capital asset activity for the year ended December 31, 2024, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|-----------------------|----------------------|---------------------|--------------------|-----------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 27,112,044 | \$ - | \$ - | \$ - | \$ 27,112,044 |
| Construction in progress | 37,286,271 | 47,732,455 | - | (1,983,642) | 83,035,084 |
| Total capital assets, not being depreciated | 64,398,315 | 47,732,455 | - | (1,983,642) | 110,147,128 |
| Capital assets, being depreciated: | | | | | |
| Floating equipment | 184,582,232 | - | (13,618,869) | 32,614 | 170,995,977 |
| Buildings and structures | 184,825,298 | - | - | 1,093,080 | 185,918,378 |
| Office and terminal equipment | 20,696,444 | - | (4,200) | 764,776 | 21,457,020 |
| Motor vehicles | 13,233,523 | - | - | 93,172 | 13,326,695 |
| Leasehold improvements | 1,479,225 | - | - | - | 1,479,225 |
| Right to use lease assets | 2,912,030 | 2,584,802 | - | - | 5,496,832 |
| Total capital assets, being depreciated | 407,728,752 | 2,584,802 | (13,623,069) | 1,983,642 | 398,674,127 |
| Less accumulated depreciation for: | | | | | |
| Floating equipment | 123,873,591 | 4,809,555 | (13,601,169) | - | 115,081,977 |
| Buildings and structures | 76,939,735 | 6,655,298 | - | - | 83,595,033 |
| Office and terminal equipment | 18,507,189 | 773,423 | (4,200) | - | 19,276,412 |
| Motor vehicles | 5,355,196 | 929,183 | - | - | 6,284,379 |
| Leasehold improvements | 1,479,225 | - | - | - | 1,479,225 |
| Lease amortization | 1,852,168 | 809,109 | - | - | 2,661,277 |
| Total accumulated depreciation | 228,007,104 | 13,976,568 | (13,605,369) | - | 228,378,303 |
| Total capital assets, being depreciated, net | 179,721,648 | (11,391,766) | (17,700) | 1,983,642 | 170,295,824 |
| Total capital assets, net | \$ 244,119,963 | \$ 36,340,689 | \$ (17,700) | \$ - | \$ 280,442,952 |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

4. LEASES & SUBSCRIPTION BASED IT ARRANGEMENTS (SBITA)

Lease Arrangements — The Authority has several non-cancelable lease commitments as of December 31, 2025, with various terms in excess of one year. These arrangements include building and land used in the Authority's operations.

Right-to-use assets acquired through outstanding leases are as follows:

Fiscal Years Ending December 31

| <u>Asset Class</u> | <u>Leased Asset</u> | <u>Accumulated Amortization</u> | <u>Leased Asset, Net of Accumulated Amortization</u> |
|--------------------|---------------------|---------------------------------|--|
| Building | \$2,437,707 | \$1,343,140 | \$1,094,567 |
| Land | <u>2,921,861</u> | <u>1,939,940</u> | <u>981,921</u> |
| Total | <u>\$5,359,568</u> | <u>\$3,283,080</u> | <u>\$2,076,488</u> |

Total future minimum lease payments under lease agreements are as follows:

Fiscal Years Ending December 31

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|--------------------|------------------|--------------------|
| 2026 | \$704,440 | \$124,655 | \$829,095 |
| 2027 | 556,928 | 86,097 | 643,025 |
| 2028 | 389,296 | 51,719 | 441,015 |
| 2029 | 308,871 | 25,301 | 334,172 |
| 2030 | 87,311 | 10,064 | 97,375 |
| 2031-2035 | <u>77,640</u> | <u>12,360</u> | <u>90,000</u> |
| Total | <u>\$2,124,486</u> | <u>\$310,196</u> | <u>\$2,434,682</u> |

Aggregate rental expense for the years ended December 31, 2025 and 2024, was \$432,277 and \$332,640, respectively.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Subscription-Based IT Arrangements – The Authority leases software under long-term, non-cancelable subscription-based information technology arrangements.

Right-to-use software assets acquired through SBITAs are as follows:

Fiscal Years Ending December 31

| <u>Asset Class</u> | <u>Software Asset</u> | <u>Accumulated Amortization</u> | <u>Software Asset, Net of Accumulated Amortization</u> |
|--------------------|-----------------------|---------------------------------|--|
| Software | <u>\$969,978</u> | <u>\$277,328</u> | <u>\$692,650</u> |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

4. LEASES & SUBSCRIPTION BASED IT ARRANGEMENTS (SBITA) ...continued

Subscription payments under agreement are as follows:

| <u>Fiscal Years Ending December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|------------------|------------------|------------------|
| 2026 | \$137,059 | \$47,858 | \$184,917 |
| 2027 | 40,233 | 43,767 | 84,000 |
| 2028 | 47,390 | 40,810 | 88,200 |
| 2029 | 55,533 | 37,077 | 92,610 |
| 2030 | 64,404 | 32,837 | 97,241 |
| 2031-2035 | <u>365,685</u> | <u>74,398</u> | <u>440,083</u> |
| Total | <u>\$710,304</u> | <u>\$276,747</u> | <u>\$987,051</u> |

As of December 31, 2025, the Steamship Authority has entered into new subscription-based information technology arrangements for a new reservation system that has not yet commenced. The subscription terms are expected to commence during fiscal year 2026, upon the completion of system implementation. As of December 31, 2025, the Steamship Authority made payments of \$590,157 to the vendors for the initial implementation, design and configuration, which were recorded as a prepaid asset on the Statement of Net Position. No subscription liability has been recorded as of year-end because the subscription terms have not yet begun.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

5. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS

The Steamship Bonds and Bond Anticipation Notes (BAN's) outstanding at December 31, are as follows:

| | 2025 | 2024 |
|--|----------------------|----------------------|
| 2015 Series A , including unamortized bond premium of \$474,995 and \$766,033 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principal beginning March 1, 2021 and semiannual interest payments through March 1, 2029 | 17,154,995 | 21,166,033 |
| 2017 Series A , including unamortized bond premium of \$72,717 and \$161,211 at December 31, 2025 and 2024, respectively, bearing interest rates of 5.00%, requiring annual payments of principal beginning March 1, 2018 and semiannual interest payments through March 1, 2027 | 2,747,717 | 4,076,212 |
| 2018 Series A , including unamortized bond premium of \$127,660 and \$279,195 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 3.00% to 5.00%, requiring annual payments of principal beginning March 1, 2020 and semiannual interest payments through March 1, 2028 | 5,707,660 | 8,414,195 |
| 2020 Series A , including unamortized bond premium of \$1,774,519 and \$2,325,219 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2021 and semiannual interest payments through March 1, 2031 | 18,384,519 | 19,980,219 |
| 2023 Series A , including unamortized bond premium of \$2,392,302 and \$2,742,549 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2024 and semiannual interest payments through March 1, 2039 | 33,492,302 | 35,542,549 |
| 2025 Series A , including unamortized bond premium of \$2,005,784 and \$0 at December 31, 2025 and 2024, respectively, bearing interest at rates ranging from 4.00% to 5.00%, requiring annual payments of principal beginning March 1, 2026 and semiannual interest payments through March 1, 2035 | <u>22,005,783</u> | <u>-</u> |
| Total Steamship Bonds | 99,492,976 | 89,179,208 |
| Less bonds due within one year | <u>(10,855,000)</u> | <u>(10,260,000)</u> |
| Total Steamship Bonds—excluding current portion | <u>\$ 88,637,976</u> | <u>\$ 78,919,208</u> |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

5. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS...continued

2015 Series A Steamship Bonds — On May 8, 2015, the Authority issued \$32,950,000 of 2015 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds of the bonds were used to: (i) construct a new 235-foot passenger and vehicle vessel, the M/V Woods Hole, with a capacity of approximately 384 passengers and 50 cars, to replace the Authority's M/V Governor and (ii) to pay the cost of issuance.

2017 Series A Steamship Bonds — On March 29, 2017, the Authority issued \$11,060,000 of 2017 Series A Steamship Bonds with an interest rate of 5.00%. The proceeds were used for the following purposes: (i) to construct a new General Administration Office Building and (ii) to pay the cost of issuance.

2018 Series A Steamship Bonds — On August 28, 2018, the Authority issued \$15,915,000 of 2018 Series A Steamship Bonds with interest rates ranging from 3.00% to 5.00%. The proceeds were used for the following purposes: (i) to reconstruct the waterside facilities at the Woods Hole Ferry Terminal and (ii) to pay the cost of issuance.

2020 Series A Steamship Bonds — On February 26, 2021, the Authority issued \$20,630,000 of 2020 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds were used for the following purposes: (i) to reconstruct the waterside facilities at the Woods Hole Ferry Terminal (ii) refund \$5,660,000 of the Authority's remaining outstanding 2009 Series B Bonds maturing in year 2022 through 2029 and (iii) to pay for the cost of issuance. The portion of the bond proceeds used to refund the prior bond obligations was used to purchase U.S. government obligations which were deposited into an irrevocable trust to pay the scheduled principal and interest on the 2009 Series B Bonds. The deposit with escrow agent for the refunding amounted to \$5,669,477. As a result, these bonds are considered defeased by the Authority. Accordingly, the trust account assets and the liability for the defeased bonds have not been included in the Authority's financial statements.

2023 Series A Steamship Bonds — On September 25, 2023, the Authority issued \$33,000,000 of 2023 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds of the bonds were used to refund bond anticipation notes issued on March 30, 2023 and maturing September 25, 2023 and to pay for costs of issuing the bonds. Such bond anticipation notes were originally issued for the following purposes: (1) to purchase up to four (4) Vessels of HOS Polestar 240ED class, (2) to pay for modification to the vessels' sterns and vessels' midbodies, add sponsons to the vessel's starboard and port sides modifications to the interior spaces and maintenance and repairs to mechanical systems (hereinafter called the "Facilities") and (3) to pay for costs of issuing the notes.

2025 Series A Steamship Bonds - On May 27, 2025, the Authority issued \$20,000,000 of 2025 Series A Steamship Bonds with interest rates ranging from 4.00% to 5.00%. The proceeds of the Bonds were used to: (i) finance construction of a new terminal in Woods Hole and (ii) to pay the cost of issuance.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

5. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS...continued

Scheduled Debt Service Requirements

The annual scheduled debt service requirements of all Steamship Bonds and BAN's outstanding at December 31, 2025, are as follows, exclusive of bonds defeased:

| Year Ending December 31 | Principal Payments | Interest Payments | Total Payments |
|-------------------------|--------------------|-------------------|----------------|
| 2026 | \$10,855,000 | \$ 4,206,136 | \$ 15,061,136 |
| 2027 | 11,560,000 | 3,421,675 | 14,981,675 |
| 2028 | 11,050,000 | 2,917,700 | 13,967,700 |
| 2029 | 11,150,000 | 2,438,100 | 13,588,100 |
| 2030 | 8,335,000 | 2,011,650 | 10,346,650 |
| 2031-2035 | 29,235,000 | 5,283,975 | 34,518,975 |
| 2036-2039 | 10,460,000 | 854,800 | 11,314,800 |
| Total | \$92,645,000 | \$21,134,036 | \$113,779,036 |

Principal payments reported above are exclusive of the deferred gain arising from prior bond defeasances of \$21,452 and unamortized bond premium of \$6,847,976.

Short-term and long-term liabilities for the year ended December 31, 2025 were as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|-------------------------------|-------------------|--------------|-----------------|----------------|---------------------|
| Long-Term Liabilities | | | | | |
| Steamship Bonds and BAN's: | | | | | |
| 2015 Series A | \$ 20,400,000 | \$ - | \$ (3,720,000) | \$ 16,680,000 | \$ 3,915,000 |
| 2017 Series A | 3,915,000 | - | (1,240,000) | 2,675,000 | 1,305,000 |
| 2018 Series A | 8,135,000 | - | (2,555,000) | 5,580,000 | 2,680,000 |
| 2020 Series A | 17,655,000 | - | (1,045,000) | 16,610,000 | 1,095,000 |
| 2023 Series A Bonds | 32,800,000 | - | (1,700,000) | 31,100,000 | 1,760,000 |
| 2025 Series A Bonds | - | 20,000,000 | - | 20,000,000 | 100,000 |
| Steamship Bonds and BAN's | 82,905,000 | 20,000,000 | (10,260,000) | 92,645,000 | 10,855,000 |
| Issuance premiums | 6,274,208 | 2,204,480 | (1,630,712) | 6,847,976 | - |
| Total bonds payable | 89,179,208 | 22,204,480 | (11,890,712) | 99,492,976 | 10,855,000 |
| Compensated absences | 6,092,919 | 2,772,422 | (1,321,953) | 7,543,388 | 5,835,498 |
| Retainage on contracts | 505,283 | 1,412,801 | (311,784) | 1,606,300 | 186,812 |
| Lease/SBITA liability | 2,847,297 | 881,641 | (894,148) | 2,834,790 | 841,499 |
| Net OPEB Liability | 2,083,432 | - | (80,525) | 2,002,907 | - |
| Pension withdrawal obligation | 9,406,920 | - | (652,921) | 8,753,999 | 678,235 |
| Net pension liability | 8,984,024 | - | (645,591) | 8,338,433 | - |
| Total long-term liabilities | \$ 119,099,083 | \$27,271,344 | \$ (15,797,634) | \$ 130,572,793 | \$18,397,044 |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

5. STEAMSHIP BONDS AND OTHER LONG TERM OBLIGATIONS...continued

Scheduled Debt Service Requirements...continued

Short-term and long-term liabilities for the year ended December 31, 2024 were as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|-------------------------------|-------------------|--------------|-----------------|----------------|------------------------|
| Long-Term Liabilities | | | | | |
| Steamship Bonds and BAN's: | | | | | |
| 2015 Series A | \$ 23,940,000 | \$ - | \$ (3,540,000) | \$ 20,400,000 | \$ 3,720,000 |
| 2017 Series A | 5,095,000 | - | (1,180,000) | 3,915,000 | 1,240,000 |
| 2018 Series A | 10,595,000 | - | (2,460,000) | 8,135,000 | 2,555,000 |
| 2020 Series A | 18,600,000 | - | (945,000) | 17,655,000 | 1,045,000 |
| 2023 Series A Bonds | 33,000,000 | - | (200,000) | 32,800,000 | 1,700,000 |
| Steamship Bonds and BAN's | 91,230,000 | - | (8,325,000) | 82,905,000 | 10,260,000 |
| Issuance premiums | 7,922,605 | - | (1,648,397) | 6,274,208 | - |
| Total bonds payable | 99,152,605 | - | (9,973,397) | 89,179,208 | 10,260,000 |
| Compensated absences | 5,428,721 | 1,853,282 | (1,189,084) | 6,092,919 | 4,487,188 |
| Retainage on contracts | 316,511 | 691,849 | (503,077) | 505,283 | 59,697 |
| Lease/SBITA liability | 1,057,308 | 2,264,109 | (474,120) | 2,847,297 | 826,125 |
| Net OPEB Liability | 2,237,102 | - | (153,670) | 2,083,432 | - |
| Pension withdrawal obligation | 10,035,469 | - | (628,549) | 9,406,920 | 652,920 |
| Net pension liability | 11,018,030 | - | (2,034,006) | 8,984,024 | - |
| Total long-term liabilities | \$ 129,245,746 | \$ 4,809,240 | \$ (14,955,903) | \$ 119,099,083 | \$16,285,930 |

6. PENSION PLANS

The Authority provides retirement benefits to its employees through various defined benefit and defined contribution pension plans.

Defined Benefit Pension Plans Sponsored by the Authority:

Description of Plan

Nonunion Plan

The Authority has in effect a single employer, defined benefit pension plan established in 1968 for eligible nonunion employees (the Nonunion Plan). The Nonunion plan reporting date is February 28 of each year.

Administration of the Plan

The Nonunion Plan is administered by the Authority. The Trustee, Principal, holds the investment securities of the Nonunion Plan and executes related transactions under custodial agreements with the Nonunion Plan and the Authority. Separate financial statements are not issued for the Nonunion Plan.

Participation and Vesting

Employees not under collective bargaining agreements whose customary employment with the Authority is for at least 30 hours per week and are employed or expected to be employed on a year-round basis may participate in the Nonunion Plan.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Participants' benefits become fully vested after five years of service in the Nonunion Plan. Benefit payments are made to participants of the Nonunion Plan or their beneficiaries in varying amounts according to the provisions of the Nonunion Plan.

Plan Amendment and Termination

The Nonunion Plan may be amended or terminated in whole or in part at any time by the Authority, provided that no such modification, amendment, or termination shall be made that would deprive a current participant of rights or benefits provided under the Nonunion Plan.

Normal Retirement Benefits

The normal form of retirement benefit is a monthly annuity payable for life with payments guaranteed for five years (optional forms of payment may be elected in advance of retirement), commencing on the normal retirement date. The normal retirement date for participants who joined the Nonunion Plan prior to March 1, 1992, is the earliest of (a) attainment of age 65 and completion of 20 years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 75% of average compensation for the last three years multiplied by an accrued benefit adjustment (as defined in the Nonunion Plan). The normal retirement date for participants who joined the Nonunion Plan on or after March 1, 1992, is the earliest of (a) attainment of age 65 and completion of five years of service, (b) attainment of age 62 and completion of 25 years of service, or (c) attainment of age 60 and completion of 30 years of service. The amount of benefits is equal to 2.5% of average compensation multiplied by years of service (maximum of 30 years).

The normal retirement date for participants who join the Nonunion Plan on or after March 1, 2011, is the attainment of age 65 and completion of 10 years of service. The amount of benefits is equal to 2.0% of average compensation multiplied by years of service (maximum of 30 years). Average compensation is defined as average monthly pay received during the three-year period preceding the normal retirement date.

Participants in the Nonunion Plan prior to March 1, 1992, are entitled to a benefit based upon the greater of the benefits allowed under the plan as it existed prior to March 1, 1992, or the benefits allowed to participants who join on or after March 1, 1992.

Employees Covered by Benefit Terms

At February 28, 2025, the following employees were covered by the benefit terms:

| | |
|---|-----|
| Active plan members | 87 |
| Inactive plan members entitled to but not yet receiving benefits | 49 |
| Retired plan members or beneficiaries currently received benefits | 57 |
| Total | 193 |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

At February 29, 2024, the following employees were covered by the benefit terms:

| | |
|---|-----|
| Active plan members | 82 |
| Inactive plan members entitled to but not yet receiving benefits | 43 |
| Retired plan members or beneficiaries currently received benefits | 53 |
| Total | 178 |

Cost-of-Living Adjustment

As of March 1, 2002, the Nonunion Plan was amended to include an annual cost of living increase to participants receiving monthly payments under the Nonunion Plan. The cost of living increase is based on half of the percentage increase in the consumer price index from year to year, with the aggregate cost of living increase not to exceed 50% of the value of the participant's benefit as of the annuity starting date.

As of March 1, 2011, the Nonunion Plan was amended to exclude an annual cost of living increase to participants receiving monthly payments under the Nonunion Plan who became participants on or after March 1, 2011.

Contributions

Employees who become participants in the Nonunion Plan are currently required to contribute 3.0% of salary. The Authority currently contributes 25.0% of annual covered payroll for the Nonunion Plan. For the Plan years ended February 28, 2025 and February 29, 2024, the Authority contributed \$2,338,095 and \$2,089,973, respectively, towards the Nonunion Plan.

For the period March 1, 2025 through December 31, 2025, and March 1, 2024 through December 31, 2024, the Authority contributed \$1,944,781 and \$1,966,938, respectively, towards the Nonunion Plan in subsequent contributions. These subsequent contributions are recorded as deferred outflows on pensions in the statements of net position.

Disability Benefits

There are no disability benefits payable under the Nonunion Plan.

Early Retirement Benefits

Early retirement benefits are in the same form as normal retirement benefits and commence on the early retirement date. The early retirement date must be within the 10-year period preceding the normal retirement date. Benefits are reduced for each year that the early retirement date precedes the normal retirement date.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Investments

Investments are valued as of the measurement date. Investments are in separate accounts held at Principal in commingled pools, rather than individual securities, and are valued at fair market value. All investments held by pension trust fund are in Level 1 securities, with the exception of a real estate fund valued at \$3,039,340 in 2025 and \$2,724,535 in 2024, which is a Level 3 investment. Principal Financial Advisors, Inc., a registered investment advisor and wholly owned subsidiary of Principal, has been hired to manage the asset allocation strategy for the Nonunion Plan.

The investment strategy is to build an efficient, well-diversified portfolio based on a long-term, strategic outlook of the investment markets. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations are used to develop a core asset allocation based on the needs of the Nonunion Plan. The core asset allocation utilizes investment portfolios of various asset classes and multiple investment managers in order to help maximize the plan's return, while providing multiple layers of diversification to help minimize risk.

Actuarial Assumptions

| Valuation Date | Actuarial Cost Method | Asset Valuation Method | Amortization Method | Amortization Period | Assumed Rate of Return | Inflation Rate | Salary Increases |
|----------------|-----------------------|------------------------|---------------------|---------------------|------------------------|----------------|------------------|
| 02/28/2025 | Entry Age | Market value | Level dollar | 20-30 years | 5.75% | 2.40% | S5 + 2.00% |
| 02/29/2024 | Entry Age | Market value | Level dollar | 20-30 years | 5.75% | 2.40% | S5 + 2.00% |

Based on PUBG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale, PUBG-2010 is the baseline mortality rate table underlying the SOA PUB-2010 experience study published in October 2021.

Money-Weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expenses. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2024 to February 28, 2025, is 8.61%. The annual money-weighted rate of return on plan investments for the measurement period of March 1, 2023 to February 29, 2024, is 9.91%.

Expected Rate of Return

The expected long-term return of 5.75% on plan assets was developed as a long-term expected geometric return on plan assets. Arithmetic expected return is calculated as the weighted average of broad asset classes' arithmetic returns of the plan's target asset allocations and then converted to the geometric under lognormal distribution assumption.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Expected Rate of Return...continued

Due to the long-term nature of the pension obligations, the investment horizon for the Capital Market Assumptions (CMA) 2024 is 20 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

The plan's target asset allocations, as of February 28, 2025, are summarized in the following table:

| 2025 | <u>Asset Class</u> | <u>Target Allocation</u> | <u>Expected Arithmetic Return</u> | <u>Expected Geometric Return</u> |
|------|-------------------------------|--------------------------|-----------------------------------|----------------------------------|
| | US Equity - Large Cap | 21.74% | 7.80% | 6.35% |
| | US Equity - Mid Cap | 5.61% | 8.35% | 6.35% |
| | US Equity - Small Cap | 3.06% | 8.70% | 6.35% |
| | Non-US Equity | 12.88% | 8.00% | 6.35% |
| | Real Estate (direct property) | 6.37% | 6.85% | 6.20% |
| | Core Bond | 46.28% | 4.40% | 4.30% |
| | High Yield Bond | 4.06% | 6.30% | 5.85% |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Expected Rate of Return...continued

A measurement date of February 28, 2025 has been used for the fiscal year ending December 31, 2025. Changes in the Authority's net pension liabilities as of the measurement date of February 28, 2025, are as follows:

| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|--|------------------------------------|--|----------------------------------|
| Balance at December 31, 2024 | \$ 47,946,350 | \$ 38,962,326 | \$ 8,984,024 |
| Changes for the year: | | | |
| Service Cost | 760,988 | - | 760,988 |
| Interest | 2,716,331 | - | 2,716,331 |
| Differences between expected and actual experience | 1,773,938 | - | 1,773,938 |
| Changes in assumptions | - | - | - |
| Changes in benefit terms | - | - | - |
| Contributions - employer | - | 2,338,095 | (2,338,095) |
| Contributions - employee | - | 227,771 | (227,771) |
| Net investment income | - | 3,330,982 | (3,330,982) |
| Benefit payments, including refunds of employee contributions | (2,796,342) | (2,796,342) | - |
| Administrative expenses | - | - | - |
| Net change | <u>2,454,915</u> | <u>3,100,506</u> | <u>(645,591)</u> |
| Balance at December 31, 2025 | <u>\$ 50,401,265</u> | <u>\$ 42,062,832</u> | <u>\$ 8,338,433</u> |

The plan's target asset allocations, as of February 29, 2024, are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Expected Arithmetic Return</u> | <u>Expected Geometric Return</u> |
|-------------------------------|------------------------------|---|--|
| US Equity - Large Cap | 25.65% | 7.80% | 6.35% |
| US Equity - Mid Cap | 2.99% | 8.35% | 6.35% |
| US Equity - Small Cap | 1.39% | 8.70% | 6.35% |
| Non-US Equity | 12.62% | 8.00% | 6.35% |
| Real Estate (direct property) | 6.96% | 6.85% | 6.20% |
| Core Bond | 46.38% | 4.40% | 4.30% |
| High Yield Bond | 4.01% | 6.30% | 5.85% |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Expected Rate of Return...continued

A measurement date of February 29, 2024 has been used for the fiscal year ending December 31, 2024. Changes in the Authority's net pension liabilities as of the measurement date of February 29, 2024, are as follows:

| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|--|------------------------------------|--|----------------------------------|
| Balance at December 31, 2023 | \$ 45,935,607 | \$ 34,917,577 | \$ 11,018,030 |
| Changes for the year: | | | |
| Service Cost | 747,183 | - | 747,183 |
| Interest | 2,629,250 | - | 2,629,250 |
| Differences between expected and actual experience | 459,199 | - | 459,199 |
| Changes in assumptions | (92) | - | (92) |
| Changes in benefit terms | - | - | - |
| Contributions - employer | - | 2,089,973 | (2,089,973) |
| Contributions - employee | - | 202,797 | (202,797) |
| Net investment income | - | 3,583,456 | (3,583,456) |
| Benefit payments, including refunds of employee contributions | (1,824,797) | (1,824,797) | - |
| Administrative expenses | - | (6,680) | 6,680 |
| Net change | <u>2,010,743</u> | <u>4,044,749</u> | <u>(2,034,006)</u> |
| Balance at December 31, 2024 | <u>\$ 47,946,350</u> | <u>\$ 38,962,326</u> | <u>\$ 8,984,024</u> |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Statement of Deferred Outflows and Inflows of Resources

As of February 28, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 1,829,992 | \$ - |
| Effects of changes in assumptions | - | (738,798) |
| Net difference between expected and net investment income | 342,139 | |
| Employer contributions subsequent to the measurement period | 1,944,781 | |
| | <hr/> | <hr/> |
| Total Deferred Outflows and Inflows of Resources | <u>\$ 4,116,912</u> | <u>\$ (738,798)</u> |

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding employer contributions subsequent to measurement period) will be recognized in the pension expense as follows:

| | <u>Amount to be Recognized</u> |
|------|------------------------------------|
| 2026 | \$ 708,285 |
| 2027 | 941,228 |
| 2028 | (79,276) |
| 2029 | (136,904) |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Statement of Deferred Outflows and Inflows of Resources...continued

As of February 29, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 794,247 | \$ (51,829) |
| Effects of changes in assumptions | - | (1,829,424) |
| Net difference between expected and net investment income | 1,476,485 | |
| Employer contributions subsequent to the measurement period | 1,966,938 | |
| Total Deferred Outflows and Inflows of Resources | <u>\$ 4,237,670</u> | <u>\$ (1,881,253)</u> |

Amounts reported as deferred outflows and inflows of resources related to pensions (excluding employer contributions subsequent to measurement period) will be recognized in the pension expense as follows:

| | <u>Amount to be Recognized</u> |
|------|------------------------------------|
| 2025 | \$(577,791) |
| 2026 | 507,296 |
| 2027 | 740,239 |
| 2028 | (280,265) |

Discount Rate

The discount rate used to determine the end of period total pension liability is 5.75%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2025 to 2118. Benefits after 2118 are projected to be \$0.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Benefit Pension Plans Sponsored by the Authority...continued

Description of Plan...continued

Nonunion Plan...continued

Discount Rate...continued

The long-term rate of return of 5.75% is used to calculate the actuarial present value of projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.03% is used. The municipal bond rate is from Bloomberg Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the February 28, 2025, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

The discount rate used to determine the beginning of period total pension liability is 5.75% and the discount rate used to determine the end of period total pension liability is 5.75%. The municipal bond rate as of February 28, 2025, was 4.03%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the Plan as of February 28, 2025, calculated using the discount rate of 5.75%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate:

| Plan Year Ended | 1% Decrease (4.75%) | Discount Rate (5.75%) | 1% Increase (6.75%) |
|-------------------|------------------------|--------------------------|------------------------|
| February 28, 2025 | \$14,534,910 | \$8,338,433 | \$3,124,943 |

The following represents the net pension liability of the Plan as of February 29, 2024, calculated using the discount rate of 5.75%, as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate:

| Plan Year Ended | 1% Decrease (4.75%) | Discount Rate (5.75%) | 1% Increase (6.75%) |
|-------------------|------------------------|--------------------------|------------------------|
| February 29, 2024 | \$14,903,717 | \$8,984,024 | \$4,007,851 |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority

Licensed Deck Officers Plan (LDO Plan)

The Authority also has a defined contribution plan for its licensed deck officers. Prior to July 27, 2013, the Authority was required to contribute an amount equal to 10.75% of base weekly earnings for each employee. Effective July 27, 2013, the Authority was required to contribute an amount equal to 7.50% of base weekly earnings for each employee. The Authority's required and actual contributions aggregated \$567,477 and \$460,296 for 2025 and 2024, respectively.

Administration of the Plan

The plan is administered by the Authority. The Trustee, Principal, holds the investment securities of the LDO Plan and executes related transactions under custodial agreements with the plan and the Authority.

Participation and Vesting

All licensed deck officers (captains, pilots and mates) are eligible to participate in the plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the LDO Plan.

Parking Lot Employees and Shuttle Bus Drivers Plan (PLSBD Plan)

The Authority also has a defined contribution plan for its permanent parking lot employees/shuttle bus drivers. Effective May 28, 2011, the Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each permanent parking lot employee/shuttle bus driver. As a result of a collective bargaining agreement, effective from May 7, 2016 through May 7, 2022, beginning December 24, 2016, the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent parking lot employees/shuttle bus drivers.

Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan.

However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent parking lot employees/shuttle bus drivers who were approaching retirement and wished to remain in the PLSBD Plan, and were allowed to do so, under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated \$2,191 and \$2,044 for 2025 and 2024, respectively.

Administration of the PLSBD Plan

The PLSBD Plan is administered by the Authority. The Trustee, Prudential Trust Company (Prudential), holds the investment securities of the plan and executes related transactions under custodial agreements with the PLSBD Plan and the Authority.

Participation and Vesting

All permanent parking lot employees/shuttle bus drivers are eligible to participate in the PLSBD Plan. Participants are 100% vested at all times.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Parking Lot Employees and Shuttle Bus Drivers Plan...continued

Employee Contributions

No employee contributions are made under the PLSBD Plan.

Security Employees Plan (SE Plan)

The Authority also has a defined contribution plan for its permanent security employees. The Authority is required to contribute an amount equal to 5.0% of base weekly earnings for each security employee. As a result of a collective bargaining agreement, effective from July 23, 2016 through July 23, 2022, beginning December 24, 2016, the Authority discontinued making contributions to this defined contribution plan on behalf of most of its permanent security employees. Instead, the Authority will make contributions on behalf of these employees to the New England Teamsters and Trucking Industry Pension Fund Plan. However, the Authority will continue making the contribution of 5% of base weekly earnings on behalf of a small number of permanent security employees who were approaching retirement and wished to remain in the SE Plan and were allowed to do so under the collective bargaining agreement. The Authority's required and actual contributions for this plan aggregated \$0 and \$0 for 2025 and 2024, respectively.

Administration of the Plan

The SE Plan is administered by the Authority. The Trustee, Prudential, holds the investment securities of the plan and executes related transactions under custodial agreements with the SE Plan and the Authority.

Participation and Vesting

All permanent security employees are eligible to participate in the SE Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the SE Plan.

Unlicensed Vessel Employees Plan (UV Plan)

The Authority also has a defined contribution plan for its permanent unlicensed vessel employees. Effective August 23, 2014, the Authority is required to contribute an amount equal to 3.5% of base weekly earnings for each employee. Prior to that, the Authority was required to contribute an amount equal to 10.0% of base weekly earnings for the period April 15, 2000 through August 22, 2014, 9.0% from April 17, 1999 through April 14, 2000, 7.5% from April 18, 1998 through April 16, 1999, and 6.0% through April 17, 1998. The Authority's required and actual contributions aggregate \$524,780 and \$376,042 for 2025 and 2024, respectively.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Unlicensed Vessel Employees Plan (UV Plan)...continued

Administration of the Plan

The UV Plan is administered by the Authority. The Trustee, Prudential, holds the investment securities of the UV Plan and executes related transactions under custodial agreements with the plan and the Authority.

Participation and Vesting

All permanent unlicensed vessel employees are eligible to participate in the UV Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the UV Plan.

Multiemployer - Licensed Engineering Officers Plan (LEO Plan)

The Authority contributes to a multiemployer defined contribution plan for its licensed engineering officers. The Authority is required to contribute an amount equal to 10.667% of base weekly earnings for each employee on the permanent Chief Engineers roster as of August 1, 2008, and \$12.50 per day for each engineering officer not on the permanent Chief Engineers roster as of August 1, 2008. In January 2012, the Authority discontinued contributing to the multiemployer defined contribution plan and, instead, began contributing to a multiemployer pension plan, administered by the Marine Engineers Beneficial Association Pension Trust (M.E.B.A.), at a rate of 11.7% of earnings.

Administration of the Plan

The LEO Plan is administered by M.E.B.A., Trustee. The Trustee holds the investment securities of the LEO Plan and executes related transactions under custodial agreements with the LEO Plan.

Participation and Vesting

All engineering officers (chief engineers, third assistant engineers) are eligible to participate in the LEO Plan. Participants are 100% vested at all times.

Employee Contributions

No employee contributions are made under the LEO Plan.

Employer Contributions

Effective August 2016, the Authority resumed contributions to the defined contribution plan at a rate of 2.74%. In August 2017, the Authority's contribution rate changed to 4.0% and, in August 2018, the contribution rate changed to 6.5%. The Authority's required and actual contributions aggregate \$255,802 and \$175,156 for 2025 and 2024, respectively.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Deferred Compensation Plan

The Authority has a deferred compensation plan, in accordance with IRC Section 457, available to all regular full-time employees. Under the terms of the plan, employees who wish to participate may have contributed up to a maximum of \$23,500 in 2025 and \$23,000 in 2024 of their annual compensation. A "catch up" contribution for those employees 50 years of age or older is allowed; this amount is limited to an additional \$7,500 per year. The Authority did not contribute to the plan in 2025 or 2024.

Multiemployer Pension Plans

The Authority provides benefits to certain of its employees by making contributions to various multiemployer pension plans. Such plans are available to all full-time union employees not covered by the Nonunion Plan, and their eligibility in the plans commences upon employment. There were no outstanding payables under any of the plans for the years ended December 31, 2025 and December 31, 2024. The schedule of employer contributions to the plans, presented as required supplementary information following the notes to the financial statements, present historical contributions made to each plan. None of these pension plans issue publicly available financial statements.

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Licensed Deck Officers. The active union contract was executed effective July 27, 2024, and has a term ending July 23, 2027. The contribution rate, effective July 29, 2023, has been negotiated at \$8.25 per hour to a maximum of \$346.50 per week, per employee. During 2025, contributions were made for 63 employees, totaling \$996,355. During 2024, contributions were made for 62 employees, totaling \$940,409.
- The M.E.B.A. Pension Plan covered the Authority's Licensed Engineering Officers. The active union contract was executed effective July 27, 2024, and has a term ending July 23, 2027. The contribution rate, effective January 1, 2012, has been negotiated at 11.7% of the total wages per employee. Effective May 1, 2015, an additional \$6.00 per day was redirected from the M.E.B.A. Medical and Benefits Plan towards the pension plan. During 2025, contributions were made for 55 employees, totaling \$744,139. During 2024, contributions were made for 47 employees, totaling \$561,339.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Unlicensed Vessel Employees. The active union contract was executed effective April 20, 2024, and has a term ending April 16, 2027. The contribution rate, effective April 22, 2023, has been negotiated at \$5.75 per hour to a maximum of \$241.50 per week, per employee. During 2025, contributions were made for 223 employees totaling \$2,171,291. During 2024, contributions were made for 212 employees totaling \$1,916,032.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Multiemployer Pension Plans...continued

- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Maintenance Employees. The active union contract was executed effective April 20, 2024, and has a term ending April 16, 2027. The contribution rate, effective April 1, 2011, has been negotiated at \$7.12 per hour to a maximum of \$284.80 per week, per employee. During 2025, contributions were made for 38 employees, totaling \$497,368. During 2024, contributions were made for 36 employees, totaling \$475,324.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Agency and Terminal Employees. The active union contract was executed effective April 20, 2024, and has a term ending April 16, 2027. The contribution rate, effective April 20, 2024, has been negotiated at \$5.39 per hour to a maximum of \$215.60 per week, per employee. During 2025, contributions were made for 130 employees, totaling \$1,161,919. During 2024, contributions were made for 113 employees, totaling \$1,056,545.
- The Massachusetts Service Employee's Pension Fund Plan covered the Authority's Reservation Clerks and Group Sales employees. The active union contract was executed effective December 21, 2024, and has a term ending December 24, 2027. The contribution rate, effective August 28, 2021, has been negotiated at \$0.60 per hour, per employee. During 2025, contributions were made for 31 employees, totaling \$31,080. During 2024, contributions were made for 34 employees, totaling \$24,236.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Parking Lot Employees/Shuttle Bus Drivers. The active union contract was executed effective May 4, 2024, and has a term ending May 7, 2027. The contribution rate, effective May 4, 2024, has been negotiated at \$1.16 per hour to a maximum of \$46.40 per week, per employee. The contribution rate, effective May 24, 2025, has been negotiated at \$1.50 per hour to a maximum of \$60.00 per week, per employee. The contribution rate, effective May 23, 2026, has been negotiated at \$1.75 per hour to a maximum of \$70.00 per week, per employee. During 2025, contributions were made for 42 employees, totaling \$86,539. During 2024, contributions were made for 32 employees, totaling \$62,714.
- The New England Teamsters and Trucking Industry Pension Fund Plan covered the Authority's Security Employees. The active union contract was executed effective July 27, 2024, and has a term ending July 30, 2027. The contribution rate, effective July 27, 2024, has been negotiated at \$1.16 per hour to a maximum of \$42.40 per week, per employee. The contribution rate, effective July 26, 2025, has been negotiated at \$1.50 per hour to a maximum of \$60.00 per week, per employee. The contribution rate, effective July 25, 2026, has been negotiated at \$1.75 per hour to a maximum of \$70.00 per week, per employee. During 2025, contributions were made for 14 employees, totaling \$30,769. During 2024, contributions were made for 13 employees, totaling \$27,683.

The covered payroll of such employees was \$39,805,079 and \$33,267,164 in 2025 and 2024, respectively. The Authority's contributions to the plans met the contribution requirements in 2025 and 2024, and aggregated \$5,719,460 (14.4% of covered payroll for employees participating in the plans in 2025) and aggregated \$5,040,047 (15.2% of covered payroll for employees participating in the plans in 2024).

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

6. PENSION PLANS...continued

Defined Contribution Plans Sponsored by the Authority...continued

Pension Withdrawal Obligations

In March 2011, the Steamship Authority entered into successor collective bargaining agreements, with Teamster Local 59, with respect to its maintenance employees and its agency and terminal employees. Terms of the agreements allow the Authority to withdraw from the New England Teamsters and Trucking Industry Pension Fund (the Fund). The agreements provide that the Authority shall fully satisfy its withdrawal liability to the Fund by making 300 monthly withdrawal liability payments, each in the amount of \$83,333, beginning October 2011.

In addition, the Authority will enter into the New England Teamsters and Trucking Industry Pension Fund "New Employer Pool". The Authority's participation in the New Employer Pool requires that any future withdrawal liability be computed by the Direct Attribution Method under terms of the Employee Retirement Income Security Act of 1974 (ERISA §4211). In 2025 and 2024, the Authority made payments totaling \$1,000,000 towards the withdrawal liability. Interest payments totaled \$347,080 and \$371,451 in 2025 and 2024, respectively. Pension withdrawal obligation totaled \$8,753,999 and \$9,406,919 as of December 31, 2025 and 2024, respectively, and are recorded in the statements of net position using the present value of the obligation based upon incremental borrowing costs.

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to the pension benefits described in Note 6, the Authority provides postemployment health care benefits for eligible employees who render at least 20 years of service and attain age 62 while in service, until the employee is eligible for Medicare. The benefits, benefit level, employee contributions and employer contributions are governed by the Authority and collective bargaining agreements. As of December 31, 2025, the actuarial valuation date, approximately 346 active employees and 13 retirees meet eligibility requirements. As of December 31, 2024, the actuarial valuation date, approximately 328 active employees and 17 retirees meet eligibility requirements.

Benefits Provided

Medical coverage, excluding dental, under the group health insurance plan for regular full-time nonunion employees, licensed deck officers and unlicensed vessel personnel with 20 or more years of service who retire after reaching age 62 will continue until the employee is eligible for Medicare. Coverage for the dependents of such regular full-time employees will also continue during this period provided, that the employee pay 50% of the enrollment cost, as established annually by the plan administrator. Once the retired employee is entitled to Medicare, health care coverage for the employee's spouse will continue as provided for under COBRA, provided that the employee pay 100% of the enrollment cost, as established annually by the plan administrator.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

Funding Policy

Effective January 1, 2013, the nonunion retired employee must pay 20% of the enrollment cost (the working rate) as established annually by the plan administrator. Effective July 27, 2013, the licensed deck officer retired employee must pay 20% of the enrollment cost (the working rate), as established annually by the plan administrator. Effective August 2, 2014, the unlicensed vessel retired employee must pay 20% of the enrollment cost (the working rate), as established annually by the plan administrator. The Authority contributes the remainder of the health plan costs on a pay-as-you-go basis.

Measurement Date

GASB Statement No. 74, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the total OPEB liability to be measured as of the OPEB plan's most recent fiscal year-end. Accordingly, the total OPEB liability was measured as of December 31, 2025, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2024.

Employees Covered by Benefit Terms – the following table represents the plan's membership as of December 31, 2025:

| | |
|--|------------|
| Retirees or beneficiaries currently receiving benefits | 13 |
| Active Employees | <u>346</u> |
| Total | <u>359</u> |

Employees Covered by Benefit Terms – the following table represents the plan's membership as of December 31, 2024:

| | |
|--|------------|
| Retirees or beneficiaries currently receiving benefits | 17 |
| Active Employees | <u>328</u> |
| Total | <u>345</u> |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

Changes in the Total OPEB Liability

| | <u>Increase (Decrease)</u> |
|--|--------------------------------|
| Balance at December 31, 2024 | \$ 2,083,432 |
| Changes for the year: | |
| Service cost | 121,247 |
| Interest on liability and service cost | 86,724 |
| Change in benefit terms | - |
| Differences between expected and actual experience | - |
| Change in assumptions | (130,321) |
| Benefit payments | (158,175) |
| Net changes | (80,525) |
| Balance at December 31, 2025 | \$ 2,002,907 |

As of December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ (234,058) |
| Effects of changes in assumptions | 125,714 | (332,136) |
| Total Deferred Outflows and Inflows of Resources | <u>\$ 125,714</u> | <u>\$ (566,194)</u> |

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the pension expense as follows:

| | <u>Amount to be Recognized</u> |
|------------|------------------------------------|
| 2026 | \$ (81,323) |
| 2027 | (81,009) |
| 2028 | (80,837) |
| 2029 | (84,210) |
| 2030 | (38,141) |
| Thereafter | (74,960) |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

Actuarial Methods and Assumptions as of December 31, 2025

Projections of benefits for financial reporting purposes are based on the plan, as understood by the Authority, and plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The assumptions follow:

| | |
|-------------------------|--|
| Actuarial cost method: | Individual entry age normal |
| Medical care inflation: | 8.00% |
| Discount rate: | 4.83% |
| Mortality table used: | PubG-2010 Healthy Retiree Mortality Table, projected with generational mortality improvement using scale MP-2021 |
| Interest: | Pay-as-you-go: 3.5% per year |
| Disability: | 1987 Commissioner's Group Disability table for male and female with six-month elimination period |
| Healthcare trend rate: | 8.0% for 2025, decreasing 0.5% per year to 6.0%, then grading down to an ultimate trend rate of 4.0%, utilizing the Society of Actuaries Getzen Medical Trend model. |

Retirement rate assumptions:

| | Age | | | |
|--------|-----|-----|-----|------|
| | 62 | 63 | 64 | 65 |
| Male | 25% | 25% | 25% | 100% |
| Female | 25% | 25% | 25% | 100% |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2025

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|--------------|-----------------------|--------------|
| | (3.83%) | (4.83%) | (5.83%) |
| Total OPEB liability | \$ 2,179,081 | \$ 2,002,907 | \$ 1,844,972 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2025

| | 1% Decrease | Current Trend | 1% Increase |
|----------------------|----------------------------------|----------------------------------|----------------------------------|
| | 7% Year 1 Decreasing to 3% | 8% Year 1 Decreasing to 4% | 9% Year 1 Decreasing to 5% |
| Total OPEB liability | \$ 1,839,301 | \$ 2,002,907 | \$ 2,196,805 |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

| | <u>Increase (Decrease)</u> |
|--|--------------------------------|
| Balance at December 31, 2023 | \$ 2,237,102 |
| Changes for the year: | |
| Service cost | 115,124 |
| Interest on liability and service cost | 73,433 |
| Change in benefit terms | - |
| Differences between expected and actual experience | (93,114) |
| Change in assumptions | (49,744) |
| Benefit payments | <u>(199,369)</u> |
| Net changes | <u>(153,670)</u> |
| Balance at December 31, 2024 | <u>\$ 2,083,432</u> |

As of December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ (304,766) |
| Effects of changes in assumptions | 193,529 | <u>(263,129)</u> |
| Total deferred outflows and inflows of resources | <u>\$ 193,529</u> | <u>\$ (567,895)</u> |

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the pension expense as follows:

| | <u>Amount to be Recognized</u> |
|------------|------------------------------------|
| 2025 | \$ (49,886) |
| 2026 | (67,002) |
| 2027 | (66,688) |
| 2028 | (66,516) |
| 2029 | (69,889) |
| Thereafter | (54,385) |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)...continued

Actuarial Methods and Assumptions as of December 31, 2024

Projections of benefits for financial reporting purposes are based on the plan, as understood by the Authority, and plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The assumptions follow:

| | |
|-------------------------|--|
| Actuarial cost method: | Individual entry age normal |
| Medical care inflation: | 8.00% |
| Discount rate: | 4.08% |
| Mortality table used: | PubG-2010 Healthy Retiree Mortality Table, projected with generational mortality improvement using scale MP-2021 |
| Interest: | Pay-as-you-go: 3.5% per year |
| Disability: | 1987 Commissioner's Group Disability table for male and female with six-month elimination period |
| Healthcare trend rate: | 8.0% for 2025, decreasing 0.5% per year to 6.0%, then grading down to an ultimate trend rate of 4.0%, utilizing the Society of Actuaries Getzen Medical Trend model. |

Retirement rate assumptions:

| | Age | | | |
|--------|-----|-----|-----|------|
| | 62 | 63 | 64 | 65 |
| Male | 25% | 25% | 25% | 100% |
| Female | 25% | 25% | 25% | 100% |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2024

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|--------------|-----------------------|--------------|
| | (3.08%) | (4.08%) | (5.08%) |
| Total OPEB liability | \$ 2,263,622 | \$ 2,083,432 | \$ 1,921,414 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends as of December 31, 2024

| | 1% Decrease | Current Trend | 1% Increase |
|----------------------|----------------------------------|----------------------------------|----------------------------------|
| | 7% Year 1 Decreasing to 3% | 8% Year 1 Decreasing to 4% | 9% Year 1 Decreasing to 5% |
| Total OPEB liability | \$ 1,930,989 | \$ 2,083,432 | \$ 2,262,905 |

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

8. HEDGE PROGRAM

The Authority manages a fuel oil hedging program which is intended to take advantage of market conditions to cap fuel expense. The objectives of the program are to (1) identify exposure to movements in energy prices, (2) understand the impact to the Authority's financial position, (3) employ all reasonable and prudent measures to mitigate the impact of price movements and (4) manage the volatility of energy costs to acceptable levels. The hedge program attempts to transform the unacceptable risks of skyrocketing energy prices into an acceptable form, similar to an insurance policy.

The Steamship Authority's hedging program operates under a non-speculative philosophy and transactions are limited to expected energy volumes anticipated in the normal course of operations. The Authority's hedging strategy may include fixed-price swaps, collars, or caps. The program is designed to allow the Authority to benefit from prices that fall below the cap while offering some protection that pricing will not exceed the cap price.

As of December 31, 2025, the Authority had executed hedging transactions for 3,276,000 gallons of fuel out of the approximate 4,036,000 gallons of fuel, which is expected to be used in 2026. The cost of these call options totaled \$685,525 at December 31, 2025, and this amount is included in the prepaid fuel hedge line item on the statement of net position.

As of December 31, 2024, the Authority had executed hedging transactions for 3,276,000 gallons of fuel out of the approximate 3,541,000 gallons of fuel, which is expected to be used in 2025. The cost of these call options totaled \$933,707 at December 31, 2024, and this amount is included in the prepaid fuel hedge line item on the statement of net position.

As the Authority's hedging is for fuel oil used in the operation of its vessels, and the monthly call options are for quantities lower than the quantities reasonably expected to be consumed, these activities qualify for to the exclusion provided for in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and, therefore, not required to be reported as derivative instruments.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance for these risks, except for those risks identified in the following paragraph, which the Authority accounts for in accrued expenses.

Group Health

The Authority has chosen to establish a risk financing fund for risks associated with the employees' health insurance plan. The total charge is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are recorded as a component of accounts payable in the Authority's statements of net position. Claim liabilities are calculated based on recent claim settlement trends, including frequency and amount of pay-outs. The calculation includes a weighted-three-year-average of claims paid by group with an adjustment made to claims to account for increases in medical cost based on the Consumer Price Index — Medical (CPI-Med).

The Authority carries stop-loss insurance on individual medical claims in excess of \$150,000 per person and approximately \$3,185,796 in the aggregate, up to a maximum aggregate benefit payment of \$1,000,000 per person per year. An analysis of claims activities is presented below:

| | 2025 | 2024 |
|--|-------------------|-------------------|
| Liability as of January 1 | \$ 165,421 | \$ 175,204 |
| Current-year charges and changes in estimate | 3,328,787 | 2,709,421 |
| Actual claims paid | (3,379,317) | (2,719,204) |
| Liability as of December 31 | <u>\$ 114,891</u> | <u>\$ 165,421</u> |

Such amounts are recorded as a component of accounts payable in the statements of net position.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

10. COMMITMENTS

Construction in progress at December 31, 2025, consisted of expenditures by the Authority for various construction projects, which management expects will be completed in the years 2026 and 2027. At December 31, 2025, remaining construction commitments for these capital projects aggregated \$15,620,376. In addition, dry-docking and overhaul commitments for vessels aggregated \$1,054,015.

11. CONTINGENCIES

In the normal course of operations, the Authority has been named in various claims and litigation. Based upon information available to counsel and the Authority, management believes that the ultimate outcome from these claims and litigations will not have a material adverse effect on the Authority's financial position.

The Authority applies for and occasionally receives financial assistance from the federal government's various grant programs for specific projects. When this occurs, the entitlements to the resources are generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. Any disallowance becomes a liability of the Authority.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – Schedule of Changes in Net Pension Liability and Related Ratios of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan (Unaudited)

| Reporting Period Ending | December 31, 2025 | December 31, 2024 | December 31, 2023 | December 31, 2022 | December 31, 2021 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | |
| Service cost | \$ 760,988 | \$ 747,183 | \$ 883,705 | \$ 971,275 | \$ 1,231,396 |
| Interest | 2,716,331 | 2,629,250 | 2,428,117 | 2,294,290 | 2,093,193 |
| Benefit payments | (2,796,342) | (1,824,797) | (2,053,605) | (2,103,437) | (1,387,187) |
| Difference between expected and actual experience | 1,773,938 | 459,199 | 860,159 | (215,503) | (352,152) |
| Change in assumptions | - | (92) | (2,735,368) | (1,767,379) | (5,363,753) |
| Net Change in total pension liability | 2,454,915 | 2,010,743 | (616,992) | (820,754) | (3,778,503) |
| Total pension liability, beginning of period | 47,946,350 | 45,935,607 | 46,552,599 | 47,373,353 | 51,151,856 |
| Total pension liability, end of period | <u>\$ 50,401,265</u> | <u>\$ 47,946,350</u> | <u>\$ 45,935,607</u> | <u>\$ 46,552,599</u> | <u>\$ 47,373,353</u> |
| Plan fiduciary net position | | | | | |
| Employee contributions | \$ 227,771 | \$ 202,797 | \$ 184,077 | \$ 184,274 | \$ 161,932 |
| Employer contributions | 2,338,095 | 2,089,973 | 2,333,970 | 1,935,615 | 1,639,620 |
| Net investment income | 3,330,982 | 3,583,456 | (3,025,240) | 960,232 | 4,621,897 |
| Benefit payments | (2,796,342) | (1,824,797) | (2,053,605) | (2,103,437) | (1,387,187) |
| Administration expenses | - | (6,680) | (11,050) | (3,650) | - |
| Net change in plan fiduciary net position | 3,100,506 | 4,044,749 | (2,571,848) | 973,034 | 5,036,262 |
| Plan fiduciary net position, beginning of period | 38,962,326 | 34,917,577 | 37,489,425 | 36,516,391 | 31,480,129 |
| Plan fiduciary net position, end of period | <u>\$ 42,062,832</u> | <u>\$ 38,962,326</u> | <u>\$ 34,917,577</u> | <u>\$ 37,489,425</u> | <u>\$ 36,516,391</u> |
| Net pension liability | | | | | |
| Net pension liability | <u>\$ 8,338,433</u> | <u>\$ 8,984,024</u> | <u>\$ 11,018,030</u> | <u>\$ 9,063,174</u> | <u>\$ 10,856,962</u> |
| Ratios | | | | | |
| Fiduciary net position as a percentage of total pension liability | 83.46% | 81.26% | 76.01% | 80.53% | 77.08% |
| Covered employee payroll | \$7,556,908 | \$6,678,469 | \$5,912,382 | \$5,724,158 | \$5,251,609 |
| Net pension liability as a percentage of covered employee payroll | 110.34% | 134.52% | 186.36% | 158.33% | 206.74% |

Data reported for fiscal years 2016 through 2025 is based on the Plan's measurement dates of February 29, 2016 through February 28, 2025, respectively, from the most recent actuarial valuation.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – Schedule of Changes in Net Pension Liability and Related Ratios of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority Pension Plan (Unaudited)

| Reporting Period Ending | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | |
| Service cost | \$ 1,125,594 | \$ 1,144,364 | \$ 1,052,910 | \$ 967,905 | \$ 1,081,252 |
| Interest | 2,155,993 | 2,040,465 | 1,882,289 | 1,793,810 | 1,681,088 |
| Benefit payments | (1,206,038) | (1,310,113) | (710,728) | (999,967) | (370,672) |
| Difference between expected and actual experience | 451,909 | (692,738) | 1,130,001 | 579,321 | (177,602) |
| Change in assumptions | 4,657,750 | 1,724,223 | - | 969,280 | (895,895) |
| Net Change in total pension liability | 7,185,208 | 2,906,201 | 3,354,472 | 3,310,349 | 1,318,171 |
| Total pension liability, beginning of period | 43,966,648 | 41,060,447 | 37,705,975 | 34,395,626 | 33,077,455 |
| Total pension liability, end of period | <u>\$ 51,151,856</u> | <u>\$ 43,966,648</u> | <u>\$ 41,060,447</u> | <u>\$ 37,705,975</u> | <u>\$ 34,395,626</u> |
| Plan fiduciary net position | | | | | |
| Employee contributions | \$ 177,885 | \$ 163,708 | \$ 179,569 | \$ 167,784 | \$ 161,527 |
| Employer contributions | 1,479,683 | 1,495,724 | 1,505,097 | 1,201,056 | 807,637 |
| Net investment income | 2,121,849 | 477,170 | 2,387,900 | 2,639,818 | (1,179,009) |
| Benefit payments | (1,206,038) | (1,310,113) | (710,728) | (999,967) | (370,672) |
| Administration expenses | (4,500) | (8,000) | - | (9,000) | - |
| Net change in plan fiduciary net position | 2,568,879 | 818,489 | 3,361,838 | 2,999,691 | (580,517) |
| Plan fiduciary net position, beginning of period | 28,911,250 | 28,092,761 | 24,730,923 | 21,731,232 | 22,311,749 |
| Plan fiduciary net position, end of period | <u>\$ 31,480,129</u> | <u>\$ 28,911,250</u> | <u>\$ 28,092,761</u> | <u>\$ 24,730,923</u> | <u>\$ 21,731,232</u> |
| Net pension liability | | | | | |
| Net pension liability | <u>\$ 19,671,727</u> | <u>\$ 15,055,398</u> | <u>\$ 12,967,686</u> | <u>\$ 12,975,052</u> | <u>\$ 12,664,394</u> |
| Ratios | | | | | |
| Fiduciary net position as a percentage of total pension liability | 61.54% | 65.76% | 68.42% | 65.59% | 63.18% |
| Covered employee payroll | \$5,474,020 | \$5,593,650 | \$6,095,342 | \$5,517,416 | \$5,381,074 |
| Net pension liability as a percentage of covered employee payroll | 359.37% | 269.15% | 212.75% | 235.17% | 235.35% |

Data reported for fiscal years 2016 through 2025 is based on the Plan's measurement dates of February 29, 2016 through February 28, 2025, respectively, from the most recent actuarial valuation.

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
 Required Supplementary Information – Schedule of Employer Contributions to the Woods Hole, Martha's
 Vineyard and Nantucket Steamship Authority Pension Plan (Unaudited)

Schedule of Employer Contributions - Pension Plans
 Last Six Fiscal Years
 (in thousands)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|----------|----------|----------|----------|----------|----------|
| Non-union plan | | | | | | |
| Actuarially determined contribution | \$ 1,715 | \$ 1,905 | \$ 1,691 | \$ 1,779 | \$ 2,682 | \$ 2,285 |
| Contributions in relation to the actuarially determined contribution | 2,338 | 2,090 | 2,334 | 1,936 | 1,640 | 1,480 |
| Contribution (surplus) deficiency | \$ (623) | \$ (185) | \$ (643) | \$ (157) | \$ 1,042 | \$ 805 |
| Covered payroll | \$ 7,557 | \$ 6,678 | \$ 5,912 | \$ 5,724 | \$ 5,252 | \$ 5,474 |
| Contributions as a percentage of covered payroll | 30.9% | 31.3% | 39.5% | 33.8% | 31.2% | 27.0% |

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available.

Data reported for fiscal years 2020 through 2025 is based on the Plan's measurement dates of February 29, 2020 through February 28, 2025, respectively, from the most recent actuarial valuation

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

| Reporting Period Ending | 12/31/2025 | 12/31/2024 | 12/31/2023 | 12/31/2022 | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total OPEB Liability | | | | | | | | |
| Service cost | \$ 121,247 | \$ 115,124 | \$ 101,767 | \$ 155,701 | \$ 148,451 | \$ 80,177 | \$ 78,214 | \$ 74,846 |
| Interest | 86,724 | 73,433 | 80,452 | 57,850 | 57,661 | 73,139 | 87,735 | 94,253 |
| Change in Assumptions | (130,321) | (49,744) | 73,815 | (343,432) | 33,648 | 601,900 | - | - |
| Benefit Payments | (158,175) | (199,369) | (159,694) | (157,359) | (159,849) | (159,849) | (136,396) | (141,612) |
| Change of benefit terms | - | - | - | (124,690) | - | - | - | - |
| Experience (Gain) and Loss | - | (93,114) | - | (178,552) | - | (302,532) | - | (207,260) |
| Net Change in Total OPEB Liability | (80,525) | (153,670) | 96,340 | (590,482) | 79,911 | 292,835 | 29,553 | (179,773) |
| Total OPEB Liability, beginning of period | 2,083,432 | 2,237,102 | 2,140,762 | 2,731,244 | 2,651,333 | 2,358,498 | 2,328,945 | 2,508,718 |
| Total OPEB Liability, end of period | \$ 2,002,907 | \$ 2,083,432 | \$ 2,237,102 | \$ 2,140,762 | \$ 2,731,244 | \$ 2,651,333 | \$ 2,358,498 | \$ 2,328,945 |
| Covered employee payroll | \$ 34,523,142 | \$ 26,962,632 | \$ 25,083,594 | \$ 24,088,016 | \$ 23,011,428 | \$ 20,945,530 | \$ 18,626,043 | \$ 17,996,177 |
| Total OPEB liability as a percentage of covered employee payroll | 5.80% | 7.73% | 8.92% | 8.90% | 11.90% | 12.70% | 12.70% | 12.90% |

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available

Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

Required Supplementary Information – OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

1. Pension Plans

Ten-year historical trend information of the pension plans is presented as required supplementary information. This information is intended to help users assess each plan's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due. This information is reported as of the measurement date.

Analysis of the dollar amounts of plan fiduciary net position, total pension liability and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of each plan's funding status. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage is, the stronger the plan.

Trends in the net pension liability and covered payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the plans' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.

Additional information pertaining to the retirement plans can be found in Note 6 to the basic financial statements.

a) Schedule of Changes in Net Pension Liability and Related Ratios

The schedule of changes in net pension liability and related ratios illustrates whether the plan's net position is increasing or decreasing over time relative to the total pension liability and the net pension liability as it relates to covered payroll.

This schedule is intended to show information for 10 years. The changes in the net pension liability for years prior to the fiscal year ending December 31, 2016, were not available and, accordingly, were not included in the schedule. Additional years will be displayed as they become available.

b) Schedule of Employer Contributions – Pension Plans

The schedule of employer contributions provides the actuarially determined contribution for each plan. The actuarially determined contribution rates are calculated as of the respective plans' fiscal year end, one year prior to the beginning of the fiscal year in which contributions are reported. For example, the Authority's actuarially determined contribution for the fiscal year ended December 31, 2025, is based on the September 26, 2025, funding valuation provided by the Authority's actuary.

2. Other Postemployment Benefits (OPEB)

Ten-year historical trend information is presented as required supplementary information for the Authority's OPEB plans. The Authority administers the Healthcare Plan on a pay-as-you-go basis with additional ad-hoc funding contributions based on budgetary results, and there is no actuarial required contribution. Accordingly, a schedule of employer required contributions is not presented in the required supplementary information for this plan. Additional information pertaining to the OPEB plans can be found in Note 7 to the basic financial statements.

Trends in the total OPEB liability and covered payroll are both affected by inflation. Expressing the total OPEB liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the OPEB plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage is, the stronger the plan.